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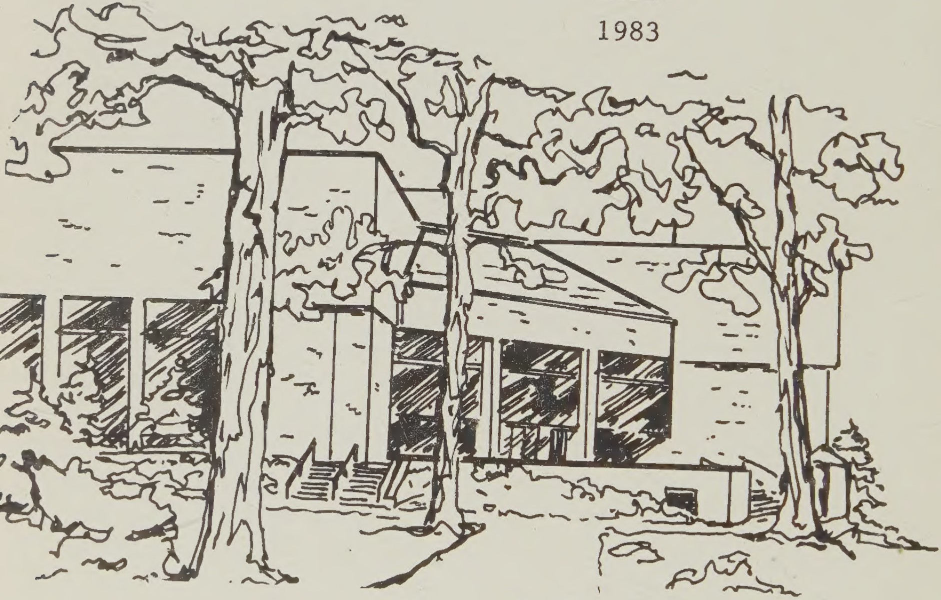

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Actions and Reactions

AN AUTOBIOGRAPHY OF

ROGER W. BABSON

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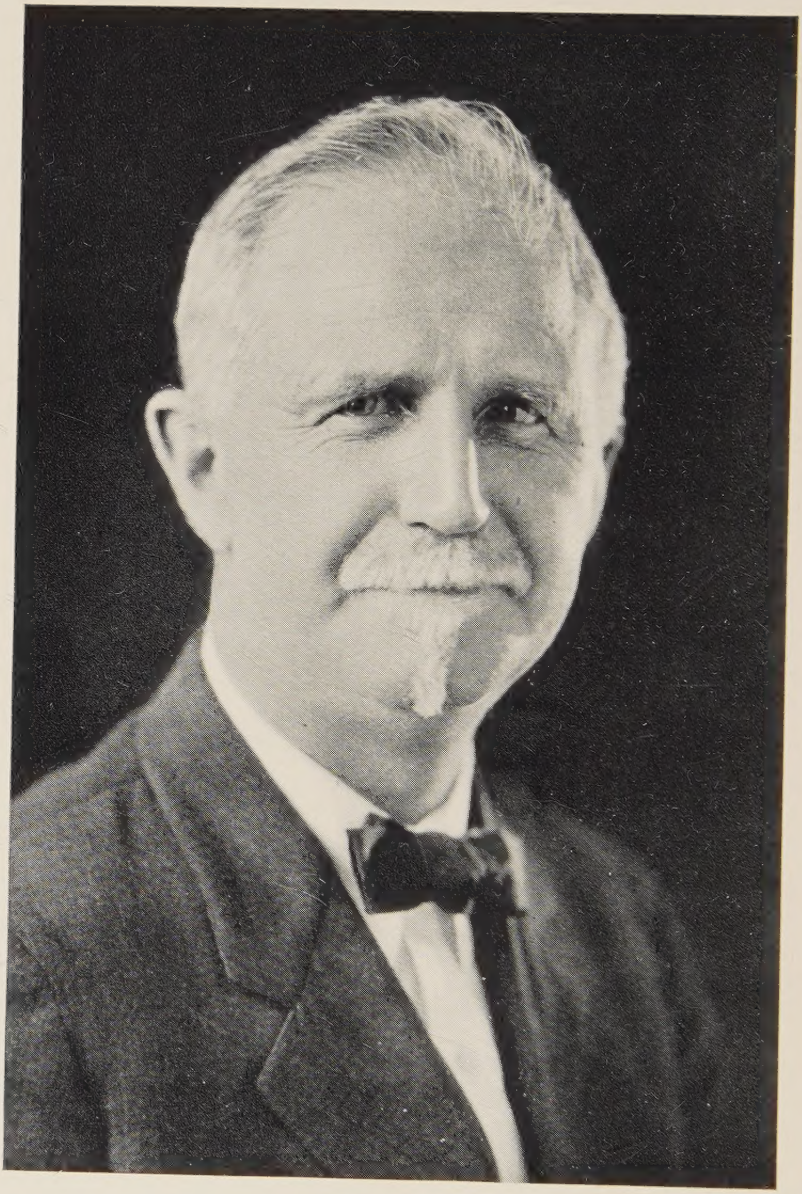

Roger W. Babson

Actions and Reactions

AN AUTOBIOGRAPHY OF
and
ROGER W. BABSON

SECOND REVISED EDITION

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ACTIONS AND REACTIONS—SECOND REVISED EDITION

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DEDICATED
TO MY GRANDSON
ROGER BABSON WEBBER

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Preface

FOR some time I have been revising this book. Today—on one of my birthdays—I am writing this preface. As I do so, it appears that my generation has seen greater changes than any generation which has ever lived. These changes not only apply to transportation, communication, and production, but also to social and political relations. We may not like all these changes, but history shows clearly that the world has constantly been getting better notwithstanding our prejudices.

To give younger readers a realization of what these changes have been is one reason why I am writing the book. Is it not as foolish to think *now* that development has reached "the end of the road" as it would have been to think so in 1875 when I was born? Yet in that very year the great Centennial Exposition was about to open in Philadelphia as a "climax" to the one hundred years of progress just preceding! Certainly, if history is to repeat itself—and every indication is that it will—our children will live to see far greater changes.

This book teaches that the Law of Action and Reaction is still working and always will work. This means that as a great expansion in democracy has been seen during my lifetime, so a great contraction is probable during the years ahead. A generation of dictatorships, however, would be of little consequence in a hundred years of history. Democracy is the ultimate form of government and will finally win out; but it will have many "ups and downs" before that time comes. Certainly there must be developed some stringent tests for voting other than "place of birth and age."

I also am trying to show that *rewards* for honesty, industry, thrift, and a willingness to take risks are essential; while *punishments* for indolence, waste, and cowardice are fundamental. The growth of the United States during its most prosperous years has been due to allowing such rewards and punishments to work naturally. If our children attempt to banish *rewards* and *punishments,* they will so soften our race that some foreign nation will conquer and enslave them. Security can neither be bought with money nor obtained by legislation. Active years have taught me conclusively that the only real security requires integrity, hard work, self-denial, and courage.

One thing more—after reading the story of these many years, I ask you to consider whether such old-fashioned "New England" qualities are cultural or spiritual? Can they be revived through schools or through churches? Does the future of America depend upon education or religion or both? When I was a boy, my parents and townspeople believed religion to be the fundamental factor in determining the desires, growth, and stability of a nation. Today this appears to be a discarded theory. What are the facts?

But I must stop or I shall duplicate my story. Let me, however, take space to acknowledge my indebtedness to those relatives, friends, and associates who have helped me collect and verify material—especially Clarence N. Stone. I also must mention Mr. Herbert D. Downward to whom most of this book was dictated, and Mrs. Alice Curtis who helped me with the illustrations; the well-known author, Mr. H. I. Shumway, who wrote *Good Man Gone Wrong* from which I have used certain material; also Mrs. Florence McConnachie. Permit me also to acknowledge my great indebtedness to all who have had any part in my life—relatives, teachers, preachers, employees, clients, friends, and enemies. I owe something to them all. I wish that space permitted mentioning all of them in the pages which follow.

Babson Park, Mass.
July 6, 1950 ROGER W. BABSON

Chapter I

DOES ANCESTRY COUNT?

I TELL students at Babson Institute, Webber College and Utopia College there are three really important days in their lives—namely (1) the day when they select their ancestors; (2) the day when they select their wives or husbands; and (3) the day when they select their life vocations. Of all these days, the first—when they select their ancestors—is the most important, even though they have the least to do with it. It always makes me cross to hear people referred to as "illegitimate" children. Certainly it is not the fault of the children; *they* are legitimate enough. The criticism, if any is due, should be directed against their ancestors. The truth is that a real autobiography should be started many generations back, but publishers will not stand for it. They say that there is too much disagreement about the importance of heredity. There are several schools of heredity. Let me discuss two of these.

HOW THEORIES DIFFER

One group believes that heredity is the great determining factor in my life. This group consists of scientists who have carried on extensive laboratory investigations and experiments with cattle, hogs, monkeys, rabbits, and flies. They know that they can breed almost any characteristics by proper mating. Unfortunately, the same data that are available for animals are not available for humans. Certain famous families are used as illustrations in textbooks; but laboratory experiments on human heredity practically do not exist. The reasons are: First, that young people are unwilling to become scientific laboratories, and, second, that a generation of humans covers such a long period of time. Several generations of flies can be bred in a few weeks.

These scientists are convinced that the same laws apply to humans as to mammals. They believe that we are largely what our ancestors are, and that we are born with definite characteristics very difficult to change. When you ask them how it happens, they are more or less divided. Some believe, for instance, that I have descended primarily from some one ancestor. This ancestor may have been my father or my mother, or may have been some great-great-grandparent, living a hundred years ago. The theory is that some chromosomes or genes from the body of this latter ancestor may have kept alive and traveled, so to speak, through the bodies of descendants until they reached my parents before becoming fertile.

Other scientists believe that each one of us is like the vertex of a triangle or pyramid, combining all the characteristics of all our ancestors. They believe that I am the spearpoint of hundreds, yea, thousands, of ancestors. There are also other theories. The fact that these scientists do not agree is one of the reasons why the second group questions the importance of heredity at all.

The second group believes that environment is the important thing in life. This group is made up more of preachers, welfare workers, and politicians than of real scientists. The psychologists, however, seem to favor the environment theory. These people believe that inheritance is of secondary importance, and that our lives depend largely upon how we were brought up. They emphasize that the examples and teachings of our parents and other relatives, together with our teachers, playmates, and neighbors, are the determining factors. They emphasize the importance of schools, neighborhoods, sanitary conditions, and especially playmates. Without doubt, environment is important. The weakness in their argument, however, is this. Even though environment is an important factor, yet it is itself largely the result of inheritance. It is almost impossible to conceive of being brought up by bad parents in a good environment. If the environment is good, it goes without saying that the ancestry is good, and usually vice versa. It almost seems as if those who advocate the importance of environment are themselves proving the case of the first group who believe that inheritance is all-important. In nine cases out of ten heredity determines environment.

SERIOUSNESS OF PREGNANCY

I belong to the first group and believe in the great importance of heredity. Its effect upon my own life is self-evident. It is manifest in connection with students with whom Mrs. Babson and I come in contact. We, of course, consider both heredity and environment, but even our study of environment is largely made as a check on heredity. We first consider heredity as a sieve, in order to take into our schools only those students who by inheritance are fitted for a business career. After students come to us, we study their inheritance, so that we may help them get into the special field of business for which they are best fitted. We, furthermore, impress upon them the importance of considering the ancestry of their future wives or husbands.

Not only does one's own health, success, and happiness depend largely on getting mated properly, but his or her greatest responsibility to mankind depends on this likewise. I mean by this that our greatest responsibility is not feeding, clothing, and sheltering ourselves; it is not the making of a name or reputation; it is rather the conceiving of children. When we bring a child into the world we not only determine its fate, but also the fate of thousands of descendants. At the end of this book is the form which we use with students in making a simple and elementary study of this problem.

A TYPICAL ILLUSTRATION

A student at the Babson Institute was the only son of a wealthy oil operator in Oklahoma. The father had great ambitions for him to be a "captain of industry" like himself. It seemed impossible, however, to interest the boy in business; he seemed to love horses, cattle, plants, and other growing things. He often said that he wished his father had let him go to an agricultural college instead of sending him to a business college. He finally graduated, but his father was not at all satisfied with our results. Awhile after his graduation, I was speaking at the Chamber of Commerce of one of Oklahoma's leading cities. I inquired, while there, about this well-known oil operator who had made so many millions in the industry. Briefly, the story was this: The father came from a long line of small farmers, and he himself had an ordinary farm with a few head of cattle. One day he started to drill a well to secure water for the cattle. Instead of striking water, he struck oil! It was a paying well from the start, and, furthermore, it opened up an entirely new oil-field. His farm immediately became a mass of oil-wells, and he found himself a millionaire almost overnight. I saw immediately that this father was no captain of industry, in the real sense of the word, any more than a man is a captain of industry because he is a winner in the Irish Sweepstakes. The boy was right; the father was wrong.

A WONDERFUL WOMAN

As my own ancestry appears in various publications,[1] I shall not give it here. In studying this ancestry, it is evident that I came from three important strains on my father's side—namely, the Rogers, the Gorham, and the Low; also from three important strains on my mother's side—namely, the Putnam, the Stearns, and the Wise. However I got my name from the "Babson" family, and may have also inherited some important characteristics from them. I seldom heard my father or mother refer to the Babson ancestry. Only by careful effort have I been able to dig it out. Briefly, the Babson strain started with Isabel Babson, who came to this country in 1637, with a small boy. They both landed at Salem, Massachusetts. Nothing is known about the father; there may never have been a legal father, or he may have died before they sailed or during the trip.

There are no records of the "Babson" family in England—certainly not as the name is spelled today. When a boy, I was told that our family name was derived from the two words, "Babb" and "son." Studies made by me in England give evidence of this; apparently Isabel's name was also spelled Batson or Bapson at different times. Isabel Babson left Salem shortly after 1637, and went to Gloucester with her small boy. There she became a useful and beloved citizen. She had been a midwife in England and immediately became the nurse of the little new community on Cape Ann. As a token of her usefulness, the town fathers presented her, in 1648, with one of the most fertile tracts of land on Cape Ann. Industry, struggle, and independence were family characteristics. We were early taught about actions and reactions.

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[1] See *Babson Family,* published by Fred K. Babson, Riverside, Ills. Also *Babson Genealogy,* published, 1934, by the Babson Institute, Babson Park, Mass.

JAMES BABSON'S SHOP

On this tract of land her son built a little stone building, which still exists. It is located halfway between Gloucester and Rockport, on the inside state road. The son's name was James. The property now belongs to the City of Gloucester and is kept as a museum. So far as we know, James Babson never lived there; but used it as a cooperage shop. He raised on the farm the sustenance for himself and ten children, and made barrels for his spending-money. The wood was cut at a small mill less than a mile distant. It was hauled in an ox cart to the little stone house. The ox cart would back up in front of the building and the wood would be brought into the shop through low double doors, which still may be seen in the front of the building. There the staves and hoops were made. The hoops were kept soaked in a brook adjoining the stone house. The barrels were heated in a large fireplace, which still exists.

When finished, the barrels were rolled out through the above-mentioned double doors into ox carts and taken down the Joppa Road to Little Good Harbor Beach. There they were filled with dried fish and shipped to England. James lived at the corner of Joppa Road and what is now Eastern Avenue. Although his home was a mile from the little stone shop, it nevertheless was the nearest house. His property at the corner of Joppa Road and Eastern Avenue descended down through the family, and it was here that John James Babson wrote the *History of Gloucester,* in 1855-60.[2] Both the old house in which James lived and the modern house—the home of John James Babson, the historian—have been destroyed by fire. The little stone shop, however, should continue to stand as a landmark for centuries to come.

MY DIRECT MALE LINE

Statistically, the connecting links between Isabel Babson and me are as follows:

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[2] Published by Proctor Bros., Gloucester, Mass., in 1860.

	Born	*Died*
Isabel Babson	March 29, 1580	April 6, 1661
James Babson	November 29, 1633	December 21, 1683
John Babson	November 27, 1660	June 27, 1737
John Babson	December 14, 1691	June 1, 1720
William Babson	November 4, 1719	November 20, 1749
William Babson	September 5, 1749	December 30, 1831
Nathaniel Babson	June 17, 1784	February 1, 1836
Gustavus Babson	February 25, 1820	October 25, 1897
Nathaniel Babson[3]	January 2, 1850	February 12, 1927
Roger W. Babson	July 6, 1875	———

I have had two sisters: Edith Low, born March 15, 1880, and died August 26, 1893; and Alice Stearns, born March 20, 1884, married April 14, 1910, to Dr. William Stewart Whittemore, of Cambridge, Mass.

With the exception of Isabel Babson and the historian, John J. Babson, the Babsons were never leaders in their communities. They were, however, democratic and independent. Whenever I did anything unorthodox, my parents would say, "Surely Roger is a Babson." The family believed that our "good" qualities came from the Rogers, Gorham, or Low families on my father's side; and from the Putnam, Stearns, and Wise families on my mother's side. For instance, I am a direct descendant, through my father, of John Rogers, once president of Harvard College, and from his ancestor, John Rogers, the martyr, who was burned at the stake in England. Through the Gorhams I trace back directly to John Howland, who came over in the *Mayflower*. I am a direct descendant, through my mother, from that famous Revolutionary fighter, Israel Putnam, and that great preacher and Colonial statesman, the Reverend John Wise. It is my earnest prayer that I, my daughter, her children and descendants may be worthy of this ancestry.

ANCESTRAL STRAINS

As I study this ancestry, a few characteristics stand out forcefully. The Israel Putnam fighting strain has come down through all generations. I really think that next to enjoying a square meal we all enjoy a good fight. There is also a religious strain in the family. From the Reverend John Wise down, every generation has had members who were distinctly interested in churches and community welfare. We have not been a family to enter politics, but we all have expressed freely our opinions and have fought fearlessly for what we think is right. There is also an educational strain, which has come down from John Rogers. Although none of my other ancestors have been outstanding in the

[3] My mother was born October 19, 1850, and died October 31, 1929.

educational world, they have all been interested in education. Practically, I can see myself as a combination of these fighting, religious, and educational strains, all of which have dominated certain branches of my ancestry.

Mixed with the above strains has been a distinctly commercial strain which deserves much more space than this book will allow. I refer to those ancestors who were sea captains, engaged in trade between Boston and China, Africa, and the isles of the sea. They were the real men, and women, too, to whom I look up. In small vessels, without conveniences of any kind, they left home to sail around the Horn. Often these ships were locally built. The compass was about all they had for guidance. They had no charts, no weather reports, no lighthouses, and no radios. They had no steam or gasoline auxiliary—nor anything to help them but the winds of the ocean and the courage of their own souls. Studying my ancestry, I find that more of them followed the sea than followed any other occupation. Most of them started as cabin boys when they were twelve or fourteen years old, and retired as sea captains when they were in their fifties.

They were a great bunch, kindly at home, but hard-boiled on the sea and in foreign ports. They had the physical hardiness which enabled them to climb the highest mast of a tumbling ship in a raging storm in the dead of winter. Their food was of the roughest and simplest. Thence they were men of splendid physique and indomitable courage. They were compelled to be real leaders. If at any time they had shown cowardice, their crews would have thrown them overboard. But a successful sea captain then needed more than courage. He needed to be a successful merchant as well. When he arrived at a foreign port, it was necessary for him to sell his cargo at a profit, and to purchase at the lowest possible price a new cargo to bring back home. These ships were mostly loaded at Boston with lumber, dried fish, and manufactured goods, which were sold in China and other Eastern ports. There they loaded up with china, tea, and silk, which were brought back to Boston.

SEA CAPTAINS' CHARACTERISTICS

Any reader interested in following up the lives of these men can read the memoirs of Gorham P. Low, my great-uncle. A picture of one of his ships hangs in the library of my home at Wellesley, Massachusetts. It was a clipper which he used for taking passengers and freight from Boston to Liverpool from 1825 to 1835. His real experiences, however, occurred when making trips from Boston to Sumatra to buy pepper from the natives. Just visualize conditions in those days in the East Indies which he regularly visited. There was no government; there were no consuls, no police officers. My uncle and his friends would land there without even understanding the language. It was necessary to moor the ship some distance from land, as there were no wharves.

They went ashore in small boats amid these cannibals. Under these conditions he would do his trading for pepper, secure his cargo, and return with the ship. Not only was he obliged to show indomitable courage in both his landing and his negotiations, but it was necessary to show a fairness and kindness which would enable him safely to return a year later. In reading his memoirs, perhaps the one outstanding fact was this latter feature. He showed that, however wild and uncivilized a tribe might be, they always had instinctively a sense of right and wrong, of justice and mercy, of truth and kindness.

OLD-TIME MERCHANTS

Another outstanding example of this sea-captain-merchant strain was Daniel Rogers. He apparently was Gloucester's leading merchant at the time he lived, and was founder of what later became its great fishing industry. Although the sea captains were able men in their way, they all ran "one-man shows." Daniel Rogers, however, was more of the corporation type. Instead of being a sea captain, he hired sea captains and operated about the year 1760 a fleet of vessels from Gloucester. He was a daring promoter, but a man of excellent judgment. Naturally an aristocrat, he was nevertheless loved and honored by the plain people. Perhaps this was because of his sins as well as for his virtues. It is said that although he was a deacon in the church, he "went visiting" on weekdays. He signed his documents "D. R." His friends used to say that he was "D. R." in the morning, but "R. D." at night; that is, these two initials in the morning stood for "Daniel Rogers," but at night stood for something else! He was a typical sea captain on land, with all the energy, fearlessness, and judgment which go with successful sea captains.

Daniel Rogers had twenty-one children, four by his first wife and seventeen by his second wife. He died with his boots on, regretting only that he could not get into one more fight or make one more trade! He built a house for each of his daughters, and many of these houses exist today. He was a merchant prince. If living today, he would be at the head of one of America's greatest corporations, a man both loved and feared by all. However, I must not dwell more on these ancestors. I do, nevertheless, wish to acknowledge my indebtedness to every one of them, the good and the bad; to the aristocratic Gorhams and the democratic Babsons; to the religious Wises and the fighting Putnams. It takes all kinds to make a world!

GLOUCESTER IN 1875

I was born at 58 Middle Street, Gloucester, Massachusetts, on July 6, 1875. My father was Nathaniel Babson, the leading dry-goods merchant of the city; and my mother was Nellie Stearns, whose mother, Frances Wise Ward, in turn kept a successful millinery store. Gloucester in those days was a city of about 14,000 inhabitants. Later, it increased gradually to 24,000; but after that the population fell off. Its natural resources consisted merely of rocks, blueberry bushes, and salt water. Its business consisted almost solely of the fish industry. This was made up sixty per cent of cod and haddock, thirty per cent of mackerel, and ten per cent of herring, with a certain amount of halibut and miscellaneous fish. The granite industry was, however, increasing. Conditions in my boyhood days were comparatively primitive. Our homes were all frame houses, with four rooms on the first floor and four rooms and an attic above. We were comfortable in summer, although there was no such thing as screens; ice was just beginning to be used. In the winter we had two rooms regularly heated—the living-room and the kitchen, but stoves or fireplaces were also in one or two other rooms which would be used in emergencies.

There was no need of air-conditioning! The air would rush through the cracks of the windows and doors, thoroughly ventilating the rooms, and then go up the chimney. Whatever automatic systems of ventilation my descendants may use, nothing can equal for health and efficiency a fireplace or the old-fashioned stove with the leaky doors and windows. I well remember hearing of the use of the first double windows and bathrooms discussed as being "unhealthful and shameful." That system where the air was taken in through the window cracks and then went up the chimney was a most perfect system. Later, steam heat, oil stoves, and gas stoves were used. It was during this latter period that the common cold, which has always been a plague and which is now more prevalent than ever, began to develop. These modern forms of heating are successful in the heating feature, but provide no system of ventilation, as did the fireplaces and old-fashioned stoves.

NO BATHROOMS—NO NOTHING!

Dr. George B. Stevens brought me into the world with the light of a kerosene lamp. Kerosene lighting was all that we had during my entire school life. There was, of course, no bathroom in the house. Morning and night during the winter months I would plow my way out through the snow, a distance of twenty-five feet, to the historic backhouse, which has been such an important factor in the history of this nation. And of course there was no such thing as city water. Our water came from a brick cistern in the cellar of the house, which was filled from rain falling on the roof. A cesspool in the back yard took the drainage from the kitchen sink.

Saturday night was bath night. Mother would take an ordinary round wooden washtub and place it on the kitchen floor. An iron kettle full of water was always on the kitchen stove. Mother probably never heard of the word "humidity," but she instinctively always kept this black kettle-humidifier at work. This, by the way, has never been equaled as a humidifier by any modern invention. One by one, each of us children would be dumped in the washtub, rubbed off, and sent to bed. The same process was going on in every other home at the same time every Saturday night.

On Saturday nights we also had the proverbial baked beans. These lasted for five days and appeared in various forms throughout the week. We had hearty breakfasts, with a good hot dinner at noon, but very light suppers. The meals, in fact, were just as good as we get today. The food was simple, but there were plenty of good vegetables such as mashed potatoes, squash and turnips, with salt water fish twice a week. There were few fruits in those days. I remember my father driving his horse one night through the darkness fifteen miles to Salem to get an orange for his aunt, who did not have many more days to live. So far as I know, every family in the town had enough to eat. For fuel we went into the forest and cut the wood which we needed, dragging it home on a snow sled.

Food was the chief factor in the expense of living. Rents were low; little was spent for light and fuel. We wore our clothes until they were absolutely worn out. Still, we were warm, we were healthy, and we were happy. I could go back to all of it today except the cold bedrooms and tramping out through the snow to the backhouse! I should truly hate to go back to those cold, cold, cold bedrooms, dressing and undressing in them. However, perhaps I owe as much to those cold bedrooms and to that old backhouse as I do to my college education. Concerning these surroundings, I am sympathetic with my psychological friends who talk about environment!

There was no water system, no sewerage system, no any other kind of system! There were no telephones, no electric lights, no automobiles, no street cars, no radios. I had heard of a telephone long before I ever saw one. I remember when the first electric lights came to Gloucester; they were of the arc variety, operated by two long carbons, and were useful only for outdoor lighting and lighting in stores and public buildings. I must have been fifteen years old before the introduction of the incandescent lamp made home lighting possible.

FOR BETTER OR WORSE?

When the doctor was needed, I put on my coat and went to his office and called him. The only heating system was the "Armstrong" system, and the only way we had running water was "to run to the pump" and get it. I was in the twenties before my father had electric lights or a telephone in his house, and he died without owning an automobile. There were almost no public conveyances except an old stagecoach that went from Gloucester to Annisquam and Lanesville. Hacks were available for traveling people going to or from the train, but they were primarily used only for weddings and funerals. Of course we should hate to be without such conveniences at the present time, and yet I wonder whether we might not be better off, physically, intellectually, and spiritually, without them. These modern conveniences have made life easier and perhaps swifter, but in the process we ourselves have become less independent and less courageous. As I am softer than was my father, so my children and grandchildren seem softer, more dependent, and less courageous than was I at their age.

Chapter II

TRAGEDIES OF CHILDHOOD

DIRECTLY opposite my home—at 58 Middle Street—was a beautiful old white house in which the Sanford family then lived. This was originally the house of the Reverend Mr. Murray, who was the preacher of the Universalist church of Gloucester, the oldest Universalist church in this country. The Reverend Mr. Murray was a great man and was one of the founders of the Universalist denomination. The house is preserved as a museum and is now known as the Sargent-Murray-Gilman-Hough House. In the yard of this Murray house was a stable in which my father kept two horses. The horses were used to deliver bundles from his dry-goods store. He usually drove what was known as a Goddard buggy, but he also had a democrat wagon to deliver carpets and other merchandise. It was a part of my boyhood duties to take care of the horses. This included feeding them three times a day, cleaning them in the morning after breakfast, and bedding them at night after school. I often think that the educational institutions to which America owes the most are not her schools and colleges, but rather her woodboxes and corn-fields. The chores which I and every other boy—who has since amounted to anything—were compelled to do were real character-building educational factors of our lives.

FATHER'S BUSINESS

My father, Nathaniel Babson, was more than a storekeeper. He developed quite a wholesale business on Cape Ann. One of the pleasantest features of my boyhood life was to go with him in a horse and buggy to Annisquam, Lanesville, Pigeon Cove, Rockport, and West Gloucester to sell dry goods at wholesale to small storekeepers. My father always had excellent credit, and was very keen to collect his own bills. Hence, Boston drygoods jobbers preferred to sell small stores through him rather than direct. During the winter, he would try to take these trips on Saturday, so that I could go with him; although I mostly went with him in the summertime. Father was quite methodical. He would breakfast promptly at seven o'clock, and then go directly to the store, where he would spend the morning. He would be home again for dinner promptly at noon. Right after dinner he would start out with the horse and buggy on one of these selling trips. He would be home by six o'clock, ready for supper.

In the evening father usually went to the church, either for a service or for some committee meeting. Previous to his nervous breakdown, which came when I was about fifteen years of age, he was a terrific worker. He started with nothing, but accumulated enough to enable him to retire from business when he was about forty years of age. He was a careful merchant, a conscientious banker, and a very wise investor. Although we always lived well, he was never in active business during the last thirty-five years of his life. He gave his wife and children everything they needed and left an estate of about $300,000.

GRANDFATHER'S FARM

One feature of my boyhood life was the time spent at "The Farm." About a mile from my home on Middle Street was my grandfather's farm, located on Washington Street, on the road to Annisquam. It is that beautiful gable-roofed house with an attractive old-fashioned garden, directly adjoining the Ellery house, which is one of the oldest houses on Cape Ann. My grandfather's house was built in 1738. His father, Nathaniel, died when my grandfather was only sixteen years old. The latter then took over the farm. He started from scratch, brought up seven children, and left a fair estate. He raised a few vegetables, but was primarily a dairy farmer. He would have from twelve to eighteen cows; the milk he sold to Gloucester families.

There was a great old-fashioned barn on the farm which fascinated us children. In the winter my grandfather cut wood in the woods at West Gloucester and drew it home over the snow on an old-fashioned wood-sled. At certain times of the year he also cut marsh hay, which was used for the cows. He fed a certain amount of his English hay to his horses, but most of it he sold as a cash crop. About a mile distant, in a direction away from the city, were the pastures where for about six months of the year the cows spent the day grazing. These pastures were very fascinating to me, and I later purchased them and gave them to the city of Gloucester as a watershed for the Babson Reservoir. I greatly appreciate the kindness which was always shown me by my grandparents, and especially by my aunts, Miss Susan Babson, Mrs. Annie P. Alling, and Mrs. Lucy Jelly. I also played some at my cousin Elmer's farm near by. One of his sons, David, was at one time in my employ.

NEBRASKA COUSINS

My father had a brother named Gustavus Babson, Jr., who lived in Seward, Nebraska. He was always very kind to me, and sent me wonderful Christmas presents. He had six boys, Henry, Fred, Gustavus, Jr., Sanford, George, and Paul. The first three were about my age, and spent more or less time at the farm in Gloucester. Our summer work consisted of laboring in the hay-fields or in the garden, driving cows, helping on the milk route, and doing other things which a boy could do. My grandfather used to say: "One boy is one boy; two boys are half a boy; and three boys are no boy at all." However, there were certain things which he felt we were pretty good at; for instance, leading the old horse for plowing or cultivating, raking the stray hay left behind by the loaders, and "pitching in" when a threatened thunderstorm would appear on the horizon.

My grandfather labored from four in the morning until eight at night; in fact, everybody worked in those days and we all seemed to enjoy it. Gustavus Junior's boys, mentioned above, turned out to be successful men. I think that each one of them will agree that the work which they were compelled to do as boys, both at home in Seward, Nebraska, and at our grandfather's farm in Gloucester, Massachusetts, was the most important part of their education. I also enjoyed meeting at the farm my other cousins, Robert, Elizabeth and Margaret Alling, and Donald Jelly. The Christmas dinners there were events never to be forgotten.

PLEASURES AND VACATIONS

I owe more to that farm than to any educational institution, including the Massachusetts Institute of Technology, from which I later had the honor of graduating. Furthermore, as I looked back, that farm work was not a hardship. It came as a matter of course with us boys; without that work we should not have known what to do with ourselves. It is true that the work would be boresome on the day when the circus came to town; but the circus came only once a year. There were no movies, no automobiles, no bridge games or other such diversions. I look back with real pleasure on that life at the farm. Our grandfather was a bear for work, and expected everyone else to swing in line and keep up with him. Our grandmother, however, was of an entirely opposite type. She was very sociable and genial. I well remember the glass jar of hard molasses drops which she kept on the shelf above the fireplace of her bedroom. From this jar she would take a piece of candy and slip it into our hands when grandpa was not looking.

Other than his business and the church, my father seemed to have no diversions. I cannot remember his ever playing games or taking exercise before his breakdown. He did, however, seem to look forward to his summer vacations. We had a cottage one year at Fernwood, West Gloucester. I wish I had space adequately to describe that summer cottage. It consisted of one small living-room on the first floor and a little room adjoining, in which there were three bunks, one for each of us three children. The kitchen consisted mostly of a back porch. In the attic above, which had no sides but merely two sloping roofs, slept my father and mother, lying on a mattress on the floor. Only lamps were available. The water I hauled in a wash-boiler in a little cart from a well about a quarter of a mile distant. There were, of course, no toilet conveniences. Although my mother seemed to dread these summer vacations, my father got a great joy out of them. Apparently this was due to his inheritance of the "plain and ordinary" Babson strain!

After a few years, my mother induced father to give up this Bohemian vacation and take a month at North Conway, New Hampshire. The boarding-house in which we used to stay at North Conway has since burned down, but for many years father and I drove the old horse and buggy to North Conway, New Hampshire, while mother and my two sisters went up on the train. We used to climb Kearsarge Mountain and take the various trips which are generally taken by people who visit that beautiful part of New England. That annual visit was truly a great event in my life, and I look back on it with real joy. Even these vacations would be considered very commonplace by our children and grandchildren. I feel, however, that their plainness and simplicity were an important part of our education. I also spent some time each summer at Amherst, N. H., my mother's ancestral home. This led me to the adjoining town of New Boston where we are establishing an Emergency Plant to occupy in case "old" Boston should be bombed during World War III.

A GREAT TRAGEDY

The one great cloud on my boyhood life was the drowning of my sister, Edith Low Babson. A short distance from the farm, at the end of Ashland Place—a little street that ran from Washington Street westerly to the Annisquam River—was the local swimming-pool. On Ashland Place lived Mr. and Mrs. Charles Knights, two elderly persons who had never had any children of their own, but who were very, very good to me. Although uneducated in the ordinary sense of the word and in humble circumstances, they possessed great souls. They were important factors in developing the spiritual spark in my life. Many a Saturday, from the time I was seven until my high-school days, I spent in their humble but happy home. My sister Edith often went up with me. She was born on March 15, 1880.

Edith was up there on the fatal day of August 26, 1893. It was a very hot day, and she rode from our house (we then were living at 8 Angle Street) up to Mrs. Knights's house, where she left her bicycle and changed into her bathing-suit. She was a swimmer, but was in the water that day with one who could not swim; in fact, only the two of them were in the swimming-hole at that time. Just what happened no one knows. The girl who was with her came running up and cried out to Mrs. Knights, "Edith is drowning." Mrs. Knights called a man named Billy Younger, who ran down and dove into the water and recovered her. Meanwhile, some one frantically got a horse and drove to Gloucester to get the doctor.

My father and mother were also notified and came up, galloping their horse. I have since been told by the neighbors that this was the only time my father was ever known to gallop his horse in the shafts. Dr. Albert Garland—the physician who was called—worked diligently over my sister, but failed to revive her. There was then no such thing as a pulmotor, and no telephone was within a mile. If the use of the telephone had not been so restricted and if the pulmotor had then existed, perhaps my sister would be alive today. If her girl friend had been trained in a Scout camp, my sister would have been recovered in time. The girl would have known how to restore respiration, and by this means perhaps have saved her. Certainly I believe in boys' and girls' summer camps. They are one modern development of our educational system which is exceedingly worth while.

THE MYSTERIOUS TRUNK

I was in Chicago working at the World's Fair with my Nebraska cousins when this accident happened. Although I came home as soon as I knew about it, I did not reach Gloucester until after the funeral. Edith's death cast a shadow over my family which never wholly passed. To begin with, my mother's mother, Francies Ward, lived with us. She was fond of Edith and, in fact, of all us children, but she was a woman of the old type and would speak pretty sharply to us at times. It happened, unfortunately, that her last words to Edith were: "Get out of my sight and never come in this room again." She had probably said this to us children a hundred times before, but, unfortunately, she said it once too often. It completely broke her up and she was never herself afterward, although she was a remarkable woman. I carry for my middle name the name of her second husband, William Ward, who was the only father whom my mother remembered. That was in 1893.

In 1929, thirty-six years thereafter, when my mother died, a little black trunk was found among her possessions. We had always supposed that the trunk was full of old letters, perhaps love letters which my father had written her before they were married. But the trunk was never opened until after she died. It contained, when opened, an old broken doll and a few other simple playthings of my sister Edith's! I now have the trunk and its contents among my possessions. For thirty-six years she had kept this trunk and would secretly open it periodically, to keep kindled in her soul that love which makes the world go round.

About fifty years thereafter on about the same day of the year, August 29, 1947, my grandson Michael Webber was likewise drowned saving the life of another at Sunapee Lake, N. H. He was 17 years of age and possessed a wonderful character. This also was a great personal loss to me; but it taught me to revalue life as nothing else could do.

Normal sex relations, playing with little children, and a good meal after a hard day's work were probably meant to be nature's pleasures. These fundamental joys existed fifty, yea, five thousand, years ago as much as they exist today, if not more so. It was not necessary for my mother to go to the theater to have her emotions aroused; nor to read sex books to get a kick out of life; nor to take up diet fads in order to enjoy a good meal. I suppose we shall never return to those days, and yet I sometimes think that we may. There may be emotional cycles as well as business cycles.

LIFE'S GREATEST FORCE

The great World's Fair held in Chicago in 1893 appealed greatly to me. I began to coax my father a year or more in advance for the privilege of attending it. My father was very conservative. He had traveled little and did not know much of what was going on outside of Cape Ann. He therefore discouraged my pioneering ambitions. Finally, I teased him so much that he agreed to let me go, *provided I would get a job out there*. He was a wise man, knowing that it is Satan who "finds work for idle hands." He further limited my total expense money for the trip to twenty-five dollars, which (and I say this kindly) was a very large sum to him. It was as much as one thousand dollars would earn in six months! I remember arguing with him and trying to get him to increase the amount to thirty-five dollars, assuring him that I needed twenty-five dollars as a minimum to pay my railroad fares; also to pay my first week's board while I was getting a job. He would not budge above the twenty-five dollars. As it was, I could not afford to take the regular railroad route to Chicago, but was obliged to travel by way of Poughkeepsie Bridge and the Erie Railroad. The twenty-five dollars also made it impossible for me to buy a berth or to go into a dining-car. Hence, I traveled in day coaches and sat up all night, changing cars four times. My mother put up food enough to last me for the entire trip.

Economies were a part of my education, but as I look back on those days I am astounded that my parents were willing to trust me to travel alone under such conditions. Here is the point of the story. I was to leave Gloucester for Chicago on a 10.00 A.M. train. I remember being driven to the Gloucester depot in the old buggy with my father and my sister Edith. Father remained in the buggy, caring for the horse, but Edith climbed out with me and went to the train platform. In her hand she held a little red iron bank about three inches square which opened in two halves and was held together by a screw. She apparently had taken the screw out before getting into the buggy and held the bank together with her hands during our ride to the railroad station. Just as I was getting on the train, she asked me to take off my hat and hold it "upside down." Then she opened the bank and let all her savings, which consisted of two or three dollars, drop into my hat. She said: "You take that, Roger; I love you." That was the last time I ever saw her.

I shall never forget that morning. It is things like this, rather than schools and colleges, which really influence our lives. Although I am supposed to be a statistician, yet I have learned that the world is ruled not by figures, but by feelings. The greatest things are the simplest things, while the most powerful things are the tenderest things. The greatest force is love; and the greatest asset is friendship.

Chapter III

SCHOOLING IN THE EIGHTIES

I RECENTLY learned that a famous Boston physician had been giving some form of iron to the children of one of my friends. In commenting on it to the physician, I said: "How is it that I got on without iron and all these other things which you give children nowadays?" He replied: "I don't know to what 'other things' you refer, but you probably got your iron from the old tin dipper at the town pump! Didn't you and the other children all drink out of a rusty tomato can when at school?" I admitted that this was true.

LITTLE RED SCHOOLHOUSES

The wonder is, considering present hygienic theories, how any of us ever lived to grow up! We never heard of germs, bacteria, or any such things until our school days were over. Like all children, I had mumps, measles, chickenpox, and whooping-cough. One of my sisters also had scarlet fever, while I, when at Massachusetts Tech., had a light dose of typhoid fever. It does seem, however, that there was less sickness among school children in those days than there is now. Some say it was because the weak ones then died early and only the stronger ones survived for school age. Granting that this was so, it might possibly be better in the end for the race to let nature make its own selections in this old-fashioned manner.

The schoolhouses of my boyhood resembled the schoolhouses of today as a freight car resembles a Pullman palace car. They were frame buildings, rudely furnished, without any toilet conveniences. They had a boys' yard and a girls' yard, with the proverbial outhouses, but the boys rarely bothered to use the outhouse. Whatever may be the condition of the sex life in high schools and colleges today, I am certain that conditions in the elementary school are far better today than ever before. The word "modesty" did not exist in the school vocabulary of fifty years ago. Not only did we boys behave in a nasty way, but the fences of the school yard and the walls of the outbuildings were marked with disgraceful pictures and shameful words. Surely, if there was anything in school environment in those days, it is a wonder that we have any decency at the present time. Yet both we boys and girls of that day seem to have survived these conditions and are now worrying about our grandchildren. I guess that it is our home training that really determines our lives. With a wholesome home I was surely blessed.

THROWN OUT OF PRIVATE SCHOOL

Owing to these bad school conditions, my mother insisted that I start out in a private school owned by Miss Mary Stacy and her associate, Miss Ellwell. This school was located in the large Stacy house on Middle Street, near the corner of Washington Street. Unfortunately, I was an unruly youngster and did not get along well. Miss Stacy did not follow the practice of the public schools and whip her students. She sent them upstairs in a cold room to go to bed as a punishment for misbehavior. This punishment I resented, and once spent my time while there in bed in cutting holes in the sheet for my eyes, nose, and mouth. When she came up to get me, I saluted her by sticking my tongue out through one of the slits which I had cut in her good bedding. When I came home that night for supper, I found my mother in tears. She just said: "Roger, I wish you would be a good boy. It's too bad that no one can do anything with you." I never knew exactly what happened, but Miss Stacy apparently refused to take me back.

I finished my primary work with a wonderful old lady named Miss Martha Ann Morey in the Old Town Hall school. I entered the sixth grammar grade under Miss Frances Davis at the Washington Street school nearly opposite the end of Mansfield Street. This building was later used as headquarters for the Grand Army of the Republic. Miss Davis was a dark-haired woman who did the best she could with us, but she was very free with her whippings. The first statistics that I ever compiled were in connection with a record of the lickings which the various boys, and some girls, received during that year. I did not have the highest number, but nearly reached it. My score was forty-seven lickings. Usually these were administered with a broad black ruler, but occasionally she used a bamboo. The ruler was not so bad, but the bamboo certainly put the fear of God into us. I am told that this form of punishment has now become extinct in city schools. I am not so sure but that it should be revived. Miss Davis had the room downstairs. Miss Wheeler had the room upstairs for her fifth grammar grade. I should have been transferred upstairs at the end of the year, but apparently they wanted to get me out of the building as soon as possible. Hence I entered the fifth grade in the Collins School on Prospect Street.

GRAMMAR SCHOOL EXPERIENCES

The principal of the Collins School at that time was Mr. Freeman Putney—an able, fair, but stern administrator. He apparently had heard that I was a hard ticket and was "laying for me," as the boys said. I found, after a few rumpuses, that my happy days were over, and I therefore settled down to business. Little did I then realize that he and I would marry own sisters. For the fifth grade I had Miss Dennis; she later married Charlie Brown, who for some time was postmaster of Gloucester. For the fourth grade I had Miss Belle Parsons, a good-natured, roly-poly girl, of whom I have lost track. For the third grade I had Miss Belle Proctor, who was an able and efficient teacher and a great favorite with the children. For the second grade I had Mrs. Saunders, a rather elderly fat woman with a temper. For some peculiar reason she and I got along first rate, but the rest of the children certainly hated her. Finally, in the first grade, I had Miss Camilla J. Knight. She later was to become my sister-in-law, although up to that time I had never met the girl who was to become my wife. Miss Knight was an excellent teacher, well informed, patient, and just. She was a natural-born and conscientious educator. I was however in this Collins School six years. During these six years, Mr. Freeman Putney, the principal, was promoted to Superintendent of Schools for the entire city, and Mr. James Appleby became the school principal.

In those days the school bell rang at twenty minutes of nine, and school began promptly at nine every morning except Saturdays and Sundays. School continued until twelve o'clock, when we all went home for our dinners. The school bell rang again at twenty minutes of two, and school began promptly at two o'clock and contined to four. This gave us about two hours to play before supper. We all retired early in those days, children and parents, as we had only kerosene-lamps. Here again I sometimes wonder whether the brilliant illumination of the electric lamp has been a good or a bad thing. Most of us need more sleep than we get. Only during sleep are we building our systems. In most cases we get the proper amount of air only after going to bed. There were, of course, no buses in those days. We all walked back and forth to school, and this included children living a mile or more away. In case of terrific rains or snowstorms, the "no-school" fire bell would ring. This was the most cheerful sound that we heard during the year. Little I then thought that I later would become the largest stockholder of the company which installed this fire-alarm system.

HAS TEACHING IMPROVED?

It is an old saying that "fools' names and fools' faces always appear in public places." There is some instinct that makes people want to cut their names or initials on public property, especially places of public interest. This instinct was apparent during my early school days. We then thought it our duty to cut our initials on our desks! My initials were cut on every desk until I reached high-school age, when the trick was absolutely forbidden. With the help of a faithful janitor whom we called "Pa Herrick," the high-school teachers tabooed this nonsense. Not a desk in that high school had a scratch upon it! This difference proves the wisdom of my father's advice: "Consent gladly—or refuse finally; never temporize." When people *know* that you mean business, they usually cheerfully obey. It is the business man, employer, or teacher who has no definite goal who fails. Once when in the fourth grade, after getting my initials cut on the desk, I was cutting them on the wooden border of my slate. I was holding the slate in my lap behind the desk so my teacher would not see me. Suddenly my knife slipped and cut into my right leg halfway between the knee and thigh. That scar still remains and will always serve as an identification of Roger W. Babson.

I especially hated English grammar. I understand it is taught differently today from what it was in those days, when we spent our time analyzing sentences. I never then understood what it was all about, and I do not as yet. To what extent the efficiency of teaching has increased since those days I do not know. Schoolhouses are better; there are many more subjects and frills. However, schools must use the same multiplication table today as then. Personally, I think that the success of teaching is nine-tenths in the teacher and one-tenth in the buildings and textbooks. I go further and say that next to parents and preachers, the elementary-school teachers are the most valuable persons of every community. As a voter and taxpayer, I never begrudge money that is spent on school-teachers. They are a worthy and hard-working group. The best possible teachers should be employed, and we all should gladly pay them a fair salary.

I would much rather have my grandchildren have teachers with a few diplomas and big hearts than teachers with many diplomas and little hearts. The present fad that a school principal must have a Ph.D. in order to get a position is all rot. I would much rather know he loves his work and his pupils. Ph.D.s do not necessarily make good teachers. A thousand years from now no building or curriculum will ever take the place of a conscientious and praying school-teacher. I do feel that the health of a teacher is an important factor. In many instances the teacher is cross and impatient because not in good physical condition. I should give teachers regular physical examinations and insist that they keep in good condition physically and nervously. I should forget the Ph.D.s and turn them over to the M.D.s.

PARENTS OR TEACHERS

Fathers and mothers did not worry much about school in those days. Fathers were busy procuring food, clothing, and shelter. Mothers were busy preparing food, cleaning the house, and making clothes for us kids. There were no canned goods or breakfast foods! The oatmeal had to be cooked overnight instead of only a few minutes. Wood and coal had to be brought up for the stoves; water had to be carried from the sink to the bedrooms; while all slops had to be emptied in the yard. The floors were swept with old-fashioned whisk brooms, as this was long before the day of the vacuum cleaner. Mother made all the clothes for my sisters and most of my clothes until I reached high-school age. Hence parents did not have very much time to bother with schooling. Parent-teachers associations did not exist. When I got into any trouble at school, it was my mother, however, who got me out of it. She, like most mothers, was the "worrier" of the family.

My youngest sister, Alice Stearns Babson, and I did not see much of each other, excepting at meal times, until after my oldest sister, Edith Low, was drowned. Alice Stearns was so much younger than I that we went with entirely different children; and, in fact, we were never in the same school buildings at the same time. After the death of Edith Low, however, we became good pals. I should perhaps have already said that my mother had four children—one who died shortly after birth; Edith Low, who was drowned; Alice Stearns, who married Dr. W. Stewart Whittemore and who has three children, Frederick, Richard and Eleanor; and I, who married Grace Margaret Knight. Grace and I have had but one child. This one child we named Edith Low, after my sister who was drowned.

FATHERS VS. MOTHERS

Statistics show that the happiest marriages are between people having similar tastes and opposite dispositions. The most unhappy marriages are between people having opposite tastes and similar dispositions. My mother enjoyed travel and company much more than my father did, but otherwise they were well mated. My father was of a judicial and calm nature, while my mother was emotional. My father supplied the *thinking* for the family, while my mother supplied the *energy*. Both were much interested in church work. My father, however, would stay at home figuring how he could balance the church budget, while my mother would be actively running around in connection with missionary work or a church supper. I can visualize my father sitting in his leather chair by the window of the living-room, and my mother running downstairs to go out the front door to attend some church gathering. My father would call to my mother: "Nellie, be content to *follow* God tonight; *don't try to run ahead of Him*."

Another common incident illustrates their difference. Some one would be at the house endeavoring to interest my father in some popular cause, and my mother would join in the drive on my father. Finally, she would give up in disgust and say: "You cannot interest my husband in that program; in fact, there are only two things that interest him at all. These are the Ten Commandments and the multiplication table." Thereupon my father would whimsically turn and say: "This may be true; but my wife, Nellie, is not even interested in the Ten Commandments nor in the multiplication table. The only thing that interests her is helping people."

HAS YOUTH CHANGED?

Gloucester, like every other city, was divided into three classes—the poor, the rich, and the middle class. I belonged to the middle class. My mother received invitations from the "Nob Hill" families once in a while, and then seemed to enjoy the society of Gloucester's "codfish aristocracy," as it was called. These people, however, never bothered my father. He knew that they went to Boston to buy their dry goods, instead of buying them from him, and this was all he wanted to know about them! Social events were not his affair. Furthermore, my parents were wise enough not to encourage me to play with the rich children of the city. These were the children of the owners of the big fishing firms in Gloucester. These children had ponies, parties, and dances. At any rate, as I look back on those days, it appears that the children of the rich were then just the same as the children of the rich today, irresponsible and spoiled. Liquor was then used in the homes of the rich families, and the whole set-up was the same then as now.

Those who think that children have changed fail to realize that instead they themselves have changed their strata. When they were young, they belonged to the middle class; that is, to the class which had continually to scratch for a living and to think carefully before spending a penny. Now they have shifted to the wealthy class and are likely to compare the children whom they once knew and who then belonged to the middle class with the children whom they know today and who now belong to the wealthy class. Instead of the young people changing, these parents have changed from one stratum to another stratum—that is, these parents are today associating with a different stratum of young people. This is important to remember. This fact is impressed upon me whenever I attend young people's summer conferences, which are today so enthusiastically attended by children of the middle class. As a rule, the children of the wealthy tend not to be much good. It is upon the children of the middle class that this country depends. It was with these middle-class children that I was supposed to associate. The children of the wealthy families frankly spurned me.

In view, perhaps, of my democratic Babson strain, I felt most at home with the children of the poor. My proud mother used to say this was because I could boss these poor children, but my father always refrained from any comment. Directly behind our house was what was known as Gould Court, backing off from Washington Street nearly opposite Washington Square. In it were a lot of cheap tenement houses inhabited by families of fishermen. All these families were "foreigners" and mostly Irish. Owing to their proximity to my home (only a high board fence separated us) and to other reasons, which my good mother never understood, these "Gould Courters" became my playmates. History even records that shameful fact that I organized the Gould Courters into a gang. This gang periodically would go to Nob Hill and lick the rich boys. This became so easy that we then tackled the Washington Square crowd, which was headquarters for the children of the intelligentsia. I can now name in my mind the owners of every house in Washington Square, and could list them herein, with the characteristics of each family. In Washington Square lived the Phillips family, the Story family, the Allen family, the Morris family, the Foster family, the Downs family, and others. They represented really the best people (not the wealthiest) of Gloucester. Here it was that I was supposed to play after school.

Somehow or other the Gould Courters appealed to me more than the Washington Square or Nob Hill boys. Finally there developed an open enmity between the different groups. Much to the grief of my mother, I went with the Gould Courters as their leader. Whether I did right or wrong only the good Lord knows, but this one thing I do know: When I now return to Gloucester each summer for a few days, these Gould Courters are the ones who greet me on the streets. They are working on fish wharves and in garages; yea, some of them are working for the city on the highways. Most of them are still poor and not very husky, but they always have a good hand for me. Those wealthy boys and and girls who spurned me have generally disappeared. Many of them are dead and buried, while most of the rest of them are down and out. The backbone of Gloucester is today made up of the children of that middle class to which I belonged, who have continued to remain in the city, supplemented by an industrious and thrifty foreign element.

MY NERVOUS BREAKDOWN

I was always a nervous child, and finally broke down completely during the first term of my last year in the grammar school. After Christmas vacation of that year, I did not return to school. Hence I was obliged to take the year over. As I look back on those days, I do not know what was the matter with me. The records of the family physician, Dr. George B. Stevens, might tell the story and might not. At any rate, this was a blessing in disguise, because it gave me an acquaintance with my father which I had never had before. He also broke down physically about the same time. Thereupon he took me to West Gloucester every afternoon to cut wood. Here I had opportunity to become acquainted also with an old hermit who lived in a little hut at Bonds Hill. Every Gloucester boy of my age was well acquainted with the hermit who made polo sticks and snowshoes. I spent most of my time during that year with my father. Then I learned from him those fundamental principles of life which

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have stood me well during my busy career. Whenever consulted today on educational matters, I advise that more attention be given to the building of health and character, and less to the teaching of higher mathematics and foreign languages.

HIGH SCHOOL MORALS

I entered the Gloucester High School in September, 1890. With this date began a new chapter of my life. I was in good condition after the year of physical and mental tutoring received from my father. The high-school work appealed to me more than did the grammar-school work, especially certain courses such as physics and chemistry. One reason I liked high school was because I loved the principal, Mr. Albert W. Bacheler. I became acquainted with him through a very beautiful daughter of his who died during my last year in the grammar school. Although I have never before mentioned the matter, I have often thought that the death of his only child, Gertrude, who sat next to me in school and of whom I was fond, may have been one cause of my nervous breakdown. Of one thing I am sure; namely, that children have troubles and worries about which parents know nothing. Most young people are older than their parents think they are. They hide things from their parents for fear of ridicule or punishment. This secretive life is a serious mental strain, and often is the cause of nervousness, absent-mindedness, and poor school work.

Possibly Mr. Bacheler was kind to me because I, having been to his house so much playing with his daughter Gertrude, reminded him of her. At any rate, we got on splendidly together, and I enjoyed my four years of high school. In 1885, before I entered high school, Mr. Bacheler, who had been an adjutant in the Civil war, formed the Gloucester High School Cadets. This military training interested me greatly. The first year I was a private, the second year a corporal, the third year a sergeant, and the fourth year I was captain of my company. Not only was I captain, but my company won the first prize of the regiment, which was made up of similar companies from other schools in Salem, Lynn, Haverhill, and Lowell.

Those were great days, and they bring thrills to me as I now think of them. On May 30, 1935, the Fiftieth Anniversary of the formation of the High School Cadets was held at Gloucester and I gave the anniversary address. By 1890 I was becoming fond of the girls and always had one or two on hand for emergencies. We had buggy rides and picnics in the summer; skating and candy pulls in the winter. I had never learned to dance or play cards, but we had mighty good times just the same. Neither I nor any of my friends smoked or touched liquor.

Although the young people today spend five times the money, I doubt whether they get as much real fun and pleasure as we did. We all had our girls, but there was no immorality whatsoever in the Gloucester High School in my day. The school battalion was divided into two companies. I was captain of one; John Marshall, of Rockport, Massachusetts, was captain of the other. John was a natural aristocrat—a fine-looking young man with marked musical and literary talents. He always eclipsed me both in studies and in social life. After graduation, he studied music abroad and became the head of the music department of Boston University. For the first three years I always had to take a back seat when John was around. I have never liked taking back seats! I was willing to stay home; but when I went for a drive I wanted to sit in the driver's seat and handle the lines, with a snappy girl by my side. The major of my class was a fine fellow, John J. Burke, who became mayor of the city. He died in 1934.

THREE GREAT EVENTS

There were three great events of my last high-school year. The first was a sham battle, such as took place annually on Dogtown Commons, in the latter part of the junior year, or the first of the senior year. John Marshall, the aristocrat and captain of Company A, led his forces; and I, a commoner and captain of Company B, led my forces. It was a great day and a great battle. It resulted in my company capturing John Marshall and entirely "wiping out" his soldiers. From that day I could have any girl in the school I wanted! Girls then came to men as a reward for courage, the same as has been the case throughout the centuries.

The second great event was the officers' party. I will refer to this more in detail in a later chapter. It was held annually and was the most brilliant affair in the high-school year. For the older people in the city the high-school "reunion," which came each June with graduation, was the great social event, but I never functioned at that. Undergraduates were not invited, and after I graduated in 1894 my interests were in Boston rather than in Gloucester.

A third great event concerned my diploma. When I entered high school, my father permitted me to take any course that I desired, *but insisted that I must study bookkeeping.* Frankly, I think most of the other subjects appeared quite unimportant to him. There were three courses—a strictly *business course* of typewriting, shorthand, and bookkeeping, which lasted two years; a four-year *college preparatory course*, which carried Latin and Greek; and a four-year *scientific course*, which the most of us took and which prepared for schools such as the Massachusetts Institute of Technology. My father went further and insisted that I should study bookkeeping the first year. He was not going to run any chances that I might get thrown out and made to go to work. It happened that a bookkeeping hour came at the same time as the botany hour in the regular course, although for that one hour of botany I had three hours of bookkeeping. Hence my work was really much stiffer than the work of those who took the regular scientific course. I finished bookkeeping with a good mark. In fact, I passed all my subjects, never getting high marks, but always getting by.

All apparently went well at graduation in June, 1894. With the rest of the boys and girls I received a "diploma"—that is, a roll of white paper tied with two white satin ribbons. On returning home after the exercises, I opened it to show my mother, and behold, it was blank! I am afraid I have been angry many, many times in my life. I have been quick at the trigger, although always sorry afterward. I surely was angry then, and immediately left to see Mr. Bacheler. He explained the situation, stating that it was because I had not taken the *regular* scientific course, but had substituted bookkeeping for botany. He further stated that he himself had appealed to the school committee to give me a regular diploma, but they had refused. He took full responsibility for giving me the blank piece of paper, thinking he was doing me a good turn by such an act. He probably hoped that I would throw the roll in the bureau drawer and never bother to open it! My mother, like me, was much irritated, but father seemed to think it was a good joke, although he was the one really responsible for my troubles. He, however, never thought much of diplomas, believing that elbow grease, shoe leather, and common sense are about all that counts.

I determined to get a diploma, and started on the warpath, with a little egging from my mother. I visited each one of the school committee every week and made myself such a nuisance that they finally voted me a diploma. This I now have, although it has "Special Course" written in red ink on the lower left-hand corner. This diploma did not arrive for several months after my graduation. Looking back on it, I think my father, nevertheless, got real joy from seeing me get that diploma. It taught me several lessons—first, to check up on everything that is handed to me; second, to insist on justice; and third, when right, never to give up. This was the first time I had definitely functioned with older people, as I had been taught before that arguing with older people was disrespectful. In this instance, however, both my father and my mother let down the bars and said, "Go to it." I took the cue and brought home the bacon.

OUR BEAUTIFUL HALL CLOCK

My primary-school days meant nothing to me; my grammar-school days were hectic chores; but my high-school days enabled me to find myself. During these high-school days I developed physically, mentally, and spiritually. And I shall always remember Albert W. Bacheler. Furthermore, I am proud to say that he also remembered me. He had a beautiful old mahogany tall hall clock in his home, made in 1802. Before his death he instructed his wife to give it to me when she should pass on. Mrs. Bacheler died in 1934, and the clock was delivered at my house a few weeks after her funeral. It now stands in my home as a memorial to this wonderful man and his patience with me and many other Gloucester boys. High school also taught me that I did not have a cultural mind and was not fitted to work with or teach the languages. Although I have always enjoyed chorus singing, I never was able to read music, and, to quote Mr. Bacheler, "Roger could not tell 'Old Hundred' from 'Yankee Doodle.' "

Those years of high school showed clearly that my forte was in connection with the sciences or business. I was especially interested in statistical work of all kinds, but perhaps was even more interested in the business side of such jobs. It was during high-school days that I joined the church, and hence, when ready for college, was grounded spiritually as well as physically and mentally. When graduating from high school, I was anxious to do something worth while and was happy at the thought of doing it. It now seems to me that education would be much more efficient if schools systematically tried to help young people find themselves and to learn for what work they are best fitted. Schools should be clinics, gymnasiums, and even hospitals, rather than libraries, forums, and country clubs.

Chapter IV

CHURCHES OF MY BOYHOOD

EVERYONE in Gloucester went to church during my boyhood days. The Catholic Church had the greatest clientele, but there were strong Methodist, Baptist, Congregational, Universalist, Unitarian, and Episcopal groups. As a whole, Protestants greatly predominated. There then was no Christian Science group and no Salvation Army. Some people, of course, did not go to church often, but only a few would admit that they did not go to church at all. These few were looked upon as untouchable atheists.

SUNDAY WAS OBSERVED

No stores were open, no amusements were held on Sunday and there were no Sunday newspapers. My mother believed it was wrong to use the horse and buggy on the Sabbath. As for reading books, everything but the Bible and a religious paper was taboo. The thought of our going out for dinner on Sunday or holding any kind of social event was beyond the pale of most people. I was never allowed to study Sundays. Even when I was a student at the Massachusetts Institute of Technology and was at home over Sunday, it would have broken my mother's heart had she seen me with a French grammar or a calculus. In those days most social events were centered at the church. If we went on a picnic, it was a church picnic; if we went out to supper, it was a church supper; and if we went to a concert or entertainment, that also was held at the church under the auspices of the Amarita Society. The outstanding events were the Easter and Christmas concerts, the strawberry festivals held in June, and the harvest suppers held in October. These were great events in my life. I wonder if we do not get more real joy out of fewer pleasures than we do out of many. Of course, dancing, card-playing, and theater-going were strictly taboo. This was one side of the picture.

VICE WAS WIDE OPEN

Now for the other side: On nearly every corner in the thickly-settled portion of the City of Gloucester was a rum shop. And these were real rum shops, for liquor actually flowed in the streets. Notwithstanding what has happened since, in connection with the control and abuse of the liquor problem, it makes me an optimist to compare present conditions with those that existed in my boyhood days. Standing at the end of Angle Street, three hundred feet from my house, I could see five liquor saloons in full blast. Houses of ill-fame likewise flourished. One of the largest of these, known as the Busy Bee, operated opposite the end of my street. The inmates of these houses were conspicuous on the streets afternoons and evenings. They would even go down to the wharves to meet the incoming fishermen. They would hang out the windows and beg us boys to come in.

One of the first jobs which I had was that of bookkeeper in Andrews Sparyard, which was directly opposite one of these bad houses at the corner of Porter and Commercial Streets. There was a pretty little girl "inmate" there of which one of the foremen in the spar-yard was especially fond. Whenever the police raided this Porter Street house, she would run over to my office and he would put her under a flour barrel in my care until the police had left. I wonder what has become of her! They called her Gloria. Of course there were no patrol wagons in those days. When an arrest was made, the police would call a "jigger." This was a low-set wagon, used to carry big hogsheads of fish, and hauled by two horses. Many a time I have seen these dirty jiggers go by my house, with a policeman sitting on two drunken girls clad in silks and satins.

FAMILY PRAYERS

Although we lived in the midst of liquor and vice, its intensity developed a strong opposition. Just as a "corn" will grow to protect the toe from being worn away by a chafing shoe, so these reckless conditions strengthened the immunity of those of us who were warned concerning the evils of liquor, vice, and gambling. And certainly we were taught it. There was no pussyfooting by our parents. If my father had seen me mixed up with any of that nonsense, I believe he would have thrown me overboard. Perhaps it was these bad conditions which made the church active and kept the church people on their toes. There was a continual fight between the church group and the saloon group. The activity of the churches of that day may have been due to the fact that they had to fight to keep from being swallowed up. Best of all, our parents set us a good example. They asked nothing of us which they were unwilling to do themselves. Although we did not have family prayers every day, as many homes did, yet my father went upstairs and read the Bible to himself every morning after breakfast and often invited me along.

I know nothing about psychology, but I would like to have made a psychological study of my mother and father. My mother was great on observing certain things—that is, being at church on time, walking up the broad aisle in her best clothes, and sitting down like the Queen of Sheba. She believed in the literal translation of the Bible, a strict observance of Sunday, and all the other established customs of an emotional religion. But with these things accomplished, she squared off her religion as a man would a bookkeeping account when it was "paid," *although always very generous.*

My father was different. Although a deacon in Trinity Congregational Church for over forty years, he did not talk about it. Often he slipped into a rear seat instead of walking up the aisle with my aristocratic mother. Much against her wishes, he often sneaked off on Sunday afternoon for a good buggy ride. He would tell me that if I would walk up to the corner of the street "out of sight of the house," he would pick me up and take me along! My father, however, had a deeply religious soul. He never would go to bed on a Sunday night until all the family met together and united in a half-hour of Bible-reading and family prayer. He did it quietly. He would let us go out Sunday evening and stay as late as we wished and thus never made it a burden; but we all knew that before going to bed Sunday night we would have family prayers and get set right for the coming week's work. My father was just, and to some appeared cold and stubborn. He and my mother supplemented each other exceptionally well.

MY CONVERSION

Although I am now a hard-boiled old man, I say truthfully as a statistician that the greatest event of my life was my conversion under Dr. L. D. Munhall. It took place during a revival campaign held at the Gloucester Methodist Church from September 14 to October 26, 1890. I still have my Sinner's Dedication Card with my signature thereon. In those days the church believed in a constant *revival* of religion. Even today the automobile people have their annual revivals, and the poultry and dog and flower enthusiasts have their annual revivals. But for some reason most churches feel that they can now get on without their annual revivals. This, however, was not so in my day. Usually once a year, and at least once every two or three years, all the Protestant churches of Gloucester united in a great evangelistic campaign extending over four weeks. There were meetings every afternoon and every evening at some church. There were noonday meetings in stores, fishing-lofts, and even on vessels. The newspapers were full of news about the revival. Nothing else was allowed to go on during that month. Even social events were canceled. Sundays they would have meetings morning, afternoon, and evening in the City Hall, which would be packed at every session. They had a choir of a hundred voices and the customary "after-meetings" for the converts.

Sunday afternoons they had the famous two meetings, one for women only and one for men only. These were the meetings when the evangelist would describe the dangers of sexual diseases, and would wind up with a tremendous excoriation of those in the audience who were leading double lives. As the collection was being taken, he would say: "There is one man in this audience who is known to be leading a double life. I want that man to put a five-dollar bill in the collection." The story is that at that session they always collected fifty or more five-dollar bills, although never one five-dollar bill was collected at any other session! Yes, those were good old days. It was at one of these meetings that I was converted. Some may say my interest in religion was inherited or that it was due to environment, but I say that to those old-fashioned revival meetings I owe much. After that I went through other revivals, including the famous Moody-Sankey meetings, and later the Billy Sunday meetings. Revivals, of course, have their faults. Much of their theology is impossible and archaic; but it is a mistake to separate religion from emotion. Logic and blueprints have distinct limitations.

WORTH-WHILE THRILLS

There were about four hundred converts in that campaign, and most of us joined one of the churches shortly afterward. From then on I was a changed boy. I had always attended Sunday school, but my Sunday-school activities heretofore had consisted mostly of stealing the collection, twisting up pins for the teacher to sit on, and sticking gum in other boys' hair. After my conversion I began to behave, and soon was given a Sunday-school class of boys to teach. The big thing of my life in those days was Christian Endeavor, which I had joined as an associate member on February 19, 1889, and later joined as an active member on December 6, 1891, after my conversion. Our young people may have many things today which I did not have, but none of these can give the satisfaction which Christian Endeavor gave me. It was the first opportunity that I had ever had to express myself. Previously, when some one—even my parents or a teacher—saw me getting up to express myself, I got a crack over the head. In Christian Endeavor it was different. I was actually encouraged and compelled, under my pledge, to say something at every meeting. You may be sure that I grasped the opportunity like a drowning man would grasp a life-preserver. I soon became a member of the Outlook Committee, and finally was its chairman. I became active in the Cape Ann Christian Endeavor Union, which was a combination of all the Christian Endeavor societies on the Cape. To the great amusement of those who knew me in Gloucester, I finally became its president.

I also was interested in the Society for the Prevention of Cruelty to Animals, and went around with a great nickel badge on. I made all my friends join the society, especially the Gould Courters. Those big shiny badges did appeal to that gang of Irish boys! Two or three of them are now actual policemen for the City of Gloucester, and they say to me, "Roger, you remember you gave me my first badge when I was fourteen years old." I was also interested in temperance work, and wore a small white ribbon in my buttonhole, as did a great many others. Perhaps the Scout movement of today fulfills the same function that those various societies for young people fulfilled in the "gay 'nineties." I certainly hope so. The trouble with most young people's religious work today is that the preachers and Sunday-school workers are content to plant the seed but fail to cultivate it afterward. My good pastors, the Reverend Messrs. Makepiece, Clark, and Hibbard, cultivated the seed which they and others had planted. Although I have often slipped in my relation to the church and the Christian life, yet I have kept the small candle burning and have tried to show my colors. I think this is evidenced in my work and writings, also in such simple ways as my church relations with my employees, as well as giving them fair wages and good working conditions.

MY FIRST VENTURE

I was never much for theology. I never agreed with my pastors on the literal interpretation of the Scriptures. I think my old, faithful pastors perhaps looked upon me, up to their death, as a black sheep. Yet I was an emotional, praying Christian. My chief interest, nevertheless, was in practical work. I was started out therein by a tall, thin, red-headed woman named Miss Elise S. Johnson—God bless her! She had charge of the fresh-air work which then was operated by the Young Men's Christian Union in Boston. She had her office in a building at the corner of Boylston and Tremont Streets. One Sunday night in 1895 she came to Gloucester and spoke at our Christian Endeavor meeting about "fresh-air work." She tried to get some Gloucester families to take some of her poor Boston children for a two weeks' vacation. Gloucester people were conservative, and they closed up like clams in a shell.

Miss Johnson, however, appealed to me. I had the temerity to offer to be chairman of a committee to canvass the city. Let me say that this venture of mine was no flop. That first summer we located poor Boston children in twenty Gloucester families, and the work increased every year. Even after I was married, Mrs. Babson and I purchased an island off the coast of Cape Ann, known as Milk Island, and used this as a haven for poor children from Boston. Later we gave this island to the State of Massachusetts as a game preserve.

This work brought me in touch with South End House, a "college settlement." This institution was then on Rollins Street, Boston, and was operated by a wonderful man, Robert A. Woods. I had classes at this settlement and became one of its most active workers. After my conversion, all my spare time was devoted to religious and charitable work. Yet it was not drudgery. I enjoyed it and looked upon it as a recreation. I sincerely hope that my grandchildren will get the right slant toward the church and its work, so as to derive real joy therefrom. I am sure if they get started on the right foot, they will have more pleasure from such things than they could get from dances, bridge parties, and automobile rides. Let me add that to help make more useful foreign missionary work, I organized in 1948 the Gravity Research Foundation. If the great universal force of gravity can be harnessed, the necessary food, clothing and shelter will be available to all the worthy people of every nation.

PRESENT CHURCH RELATIONS

I continued my connection with the Trinity Congregational Church at Gloucester until I was married, on March 29, 1900. Then I transferred my church membership to the Wellesley Hills Congregational Church. Mrs. Babson, although not emotional like me, was brought up in a church and was a church member in St. Paul, Minnesota, when I married her. Her father, the Reverend Richard Knight, was a Congregational minister. We therefore transferred to the Wellesley Hills church together. I immediately was given a Sunday-school class of boys. I continued to have this class for seventeen years. From this Sunday-school class I secured some of the best talent that ever entered my business.

I was much amused the other day to have my daughter tell me that she was in a restaurant in Wellesley where some strangers, at an adjoining table, were discussing how to get a job at Babson's. To her great amusement, some one remarked: "Well, I'll tell you right now, you can't get a job at Babson's unless you go to church or teach a Sunday-school class." Mrs. Babson and I always attend church Sunday mornings when in Wellesley. Moreover, I am happy to say that my daughter, her husband, and my grandchildren also have a fairly good record. It is our custom yet to keep in touch with the young people of the church, and our house is always open to them. Once or twice a year we have the senior group up for a Sunday night supper and a friendly meeting.

I have not been an officer or a member of the Prudential Committee of my local church for many years. My activities have been confined to the work of the denomination as a whole and to movements like the "Gideons." For some years I served as a member of the Executive Committee of the National Council of Congregational Churches. In 1929, after a struggle starting on September 22, 1900, I was elected chairman of a new commission known as the Commission on Church Attendance. I felt that I could help along these lines better than in connection with missionary or other work of which I had no technical knowledge. Our Commission was the first group ever to make a real study of church attendance. Since then, other denominations have followed, but we blazed the way. Readers desiring our conclusions on how to increase church attendance may readily secure them. As a merchant cannot expect to sell goods until he gets customers into the store, so a preacher cannot hope to influence his community until he gets people into his church. Of course, church attendance of itself means nothing, but it is the basis of all religious work. Let me close this chapter with a copy of my letter sent out in 1900, but which did not bear any fruit until twenty-nine years later.

AN OPEN LETTER TO THE PASTORS OF BOSTON

43 Milk Street, Boston, Mass.,
September 22, 1900

Dear Brother:

For some time Christian workers have been feeling severely the need of some depository which would be in immediate touch with the condition of all the churches of our land. This would enable the public to know constantly whether our great work is progressing or dragging. If we are growing, such published statements would attract attention; if we are not, they would spur on the present workers.

It has been suggested that there should be one central bureau, which would receive the immediate notification of any change in the membership of our Evangelical churches. Of course no human agency can state how many are Christians and how many are not; God only knows this. If, however, this central office was immediately notified by wire of the addition of every new member or of the death or withdrawal of every old member, it could give the exact number of professing Evangelical church members at the close of each month.

It is true that each denomination has its year book. The various year books, however, are compiled by different methods, and the statistics are necessarily late in being published. Moreover, these figures are not supplied to the press in any regular or attractive way. Every large financial, railroad, or industrial corporation is able, at the close of each month's business, to report its exact conditions. Should not the church likewise be carried on?

With this thought in mind, the writer sent out last month a short appeal to all the pastors of Boston, asking for certain statistics. It was his purpose to provide such a bureau for this vicinity. The questions were gladly answered by many, and he takes this occasion sincerely to thank all such for the deep interest shown. Others, however, were offended, and, at their request, he will refrain from publishing the replies and also from asking for further data from them.

He does, however, feel obliged to state publicly the reasons for mailing the appeal in question, and also the reasons for not publishing the results obtained. Although he will offend none by asking for further statistics, yet he firmly believes that such a system as he suggested should be inaugurated, not only for Boston, but for entire Christendom.

Very respectfully,
ROGER W. BABSON.

Chapter V

WHAT ABOUT COLLEGES?

I ALWAYS had a longing for the great open spaces of the West. I wanted to attend one of the Western state universities, such as Colorado or Arizona, or possibly California. My father, however, strenuously objected. He was not keen, anyway, about colleges. He felt that they were more like country clubs than workshops. I tried to compromise on some midway institution, but without avail. He decided to make an investigation himself. He had never functioned in education, but he tackled the problem as he would tackle any manufacturing, merchandising, or banking situation. He sent for catalogues of various institutions, talked with many people, and finally concluded that the best institution for me would be the Massachusetts Institute of Technology at Boston. This was a disappointment to me; first, because I have always hated large cities and wanted to get out in the open; and second, because I had heard that M. I. T. was a very difficult school. My father did not attempt to boss me in many things. In a general way he let me work out my own life. When, however, he made up his mind, after careful consideration, you could not change him. Finally, he frankly told me that "it is the Massachusetts Institute of Technology or nothing."

HARD-BOILED M. I. T.

My life at M. I. T. was a tremendous change from the happy days which I had enjoyed at the Gloucester high school. This Boston educational institution was operated by a group of hard-boiled and conservative business men. They needed to give no thought to politics of any kind. Although later they received a little state or federal aid, they received none when I was there. The more students they had, the more it cost them. Unlike other colleges, it was not endowed. Therefore, these men went on the principle that they were glad to put up their money to help boys who wanted to work and learn something, but they desired to help no others. Hence M. I. T. was no parking-place for rich men's sons. Only workers—no shirkers—could stay there. At this institution I received another real taste of rugged individualism. I am sure that all those trustees must have been Old Guard Republicans.

There were no "New Deals" at M. I. T. in those days. There were no dormitories; there were no recreation-rooms; and of course there was no football, baseball, or anything of the kind. We had a glee club, and a small, weak Y. M. C. A.; but my recollection is that even these were frowned upon by the trustees. I surely would enjoy taking one of the students who now complain of the meals at the Walker Memorial to the M. I. T. lunch-room of those days. It was located underground in the basement of the Rogers Building. The food was good and simple, but often we would have to use the dishes that some other fellow had used before they were washed, and of course there was no service. How I longed for my home in Gloucester!

HAD MY EYES OPENED

Every student was obliged to hunt up his own boarding-house and restaurant. The M. I. T. authorities did not even bother to suggest a list of approved houses. We boys simply went along the streets, and when we saw a house that looked decent with a sign, "Rooms to Rent," in the window, we went in. I was fortunate in finding a house on West Canton Street, which was operated by Mrs. Charles Paul. Her husband had been one of the wealthy men of Minnesota and had made a great deal of money during the 'eighties. He was caught in the panic of 1893 and completely cleaned out. Mrs. Paul, a stately and beautiful woman, decided to leave her friends in the West and come to Boston and take boarders. Her husband loafed around the house most of the day and was very glum, but Mrs. Paul was always cheerful. I roomed in her house for one year. Then I got so tired of the city that I went out to Jamaica Plain and lived during my sophomore year with Mr. and Mrs. Frank E. Bridgeman, two fine Christian people. Mr. Bridgeman was then working as a stenographer in the State House, but was gradually promoted until he became Clerk of the Massachusetts Senate. During my junior year I was a resident of South End House, a college settlement on Rollins Street, Boston. During my last year, owing to the pressure of work, I had a small room in the Berkeley Hotel, Boston.

The Massachusetts Institute of Technology in those days was located on Boylston Street, between Berkeley and Clarendon, opposite the Brunswick Hotel. Some years later it was moved to Cambridge. Most of us got our meals at a restaurant known as Priest's, on the corner of Dartmouth Street and Columbus Avenue. Surely my eyes were opened during those four years. Although I had seen a tremendous amount of commercial vice and drinking in Gloucester, I had never before been tempted myself. Those conditions at home were wholly apart from the group with which I associated. When I was a boy in Gloucester it never occurred to me that decent people indulged in such things. While at M. I. T., however, I surely saw the world. The "chapel" of the Brunswick Hotel was headquarters for the students' drinking parties, while Columbus Avenue was a red-light district for about six blocks. I certainly owe much to my parents for the lessons concerning the evils of liquor and vice which they taught me in Gloucester before I went to Boston to live.

THE DEVIL TAKE THE LEFT-OVERS

There probably was too much rugged individualism in the operation of the Massachusetts Institute of Technology in those days. Certainly the officials of that institution should have known something about the houses where we students innocently roomed or boarded. They could have provided us with at least an "approved list." They could have given us some good advice as to the dangers of liquor and sexual diseases. Their theory was that most of the boys who got mixed up with drink and women were unable to keep up in their studies, and hence were automatically thrown out and returned home. Those trustees believed in the Ten Commandments, but they let them operate through the law of supply and demand and the law of the survival of the fittest. They did no censoring whatever in my day in connection with our eating, drinking, or sleeping. There was no course on hygienics, there was no religious instruction, there was no student aid of any kind. If we kept up in our studies, well and good; if we did not, we were thrown out.

The rich and poor were treated alike at the Massachusetts Institute of Technology in those days. The trustees claimed that *experience* is the best kind of censorship; or, as one expressed it to me, "We let our students learn by *doing*." The same principle of shop work and laboratory experience, as used in the testing-rooms in connection with materials, was allowed to operate in the restaurants, dance-halls, and boarding-houses in connection with morals. I do not uphold those trustees. I believe that the Massachusetts Institute of Technology is operated far more efficiently, in the interests of the students, today than it was in the "gay 'nineties"—that is, during my time from 1894 to 1898. However, a happy medium between the system of those days and today may be worthy of consideration.

STATE UNIVERSITIES

The state universities, even in those days, were operated with one eye on politics. Today most of these state universities have gone wild. They may follow the M. I. T. in not censoring or regulating the students' life, but, unlike the M. I. T., they have not the courage to throw out the boys who live foolish lives. State universities today may be preaching the Ten Commandments, but they are trying to suspend rewards and punishments. I am beginning to wonder whether an efficient educational system is possible under democracy as set up today. Probably many state universities and certain colleges are today doing more harm than good. In their race for greater public appropriations and larger enrollments, they are lowering their standards. As a result, they may make weaklings, cowards, and morons out of the youth of America.

Unless there is a complete change in the educational situation, I can visualize our college system undermining the character of the American people. With the liquor interests busily engaged in expanding sales, with the cigarette manufacturers employing the ablest advertising copy-writers, with commercialized vice operating along its present efficient lines, and with the uncensored and indecent movies and broadcasting, there is small chance for young people today in the average college or university. I am not now prepared to recommend censorship or prohibition or any other concrete method for handling the problem in an arbitrary manner. I do, however, strongly believe that our schools and colleges should fight these vices with distinct courses operated by "fanatic" instructors. As the advertising of these vices increases, proportionately greater effort and time should be devoted by schools and colleges to explaining their dangers. The future of America, in the last analysis, will depend upon the industry, thrift, hardiness, and courage of its people. To develop these qualities along with reading, writing, and arithmetic should be the fundamental purpose of education. Unless we can build on a hardy and wholesome foundation, the superstructure will ultimately collapse.

Unlike many of my conservative friends, I do not object to the economic and sociological departments of our colleges teaching a certain amount of socialism. Students should go out into the world with a knowledge of socialism, communism, fascism, and the other "isms," as well as with a knowledge of capitalism. To have these colleges, however, ridicule rugged individualism is a crime. Yet this is being done more and more every year. Some day our young people may need rugged individualism to save themselves from internal revolution. They certainly will need it to save themselves from invasion by some foreign nation. There can be a division of wealth only so long as captains of industry continue to plan and develop. Whatever the prevailing economic system may be, the individuals with character, judgment, strength, and courage will be the leaders and survivors. The rest will become slaves, if not employes.

WHY I SELECTED COURSE I

At the Massachusetts Institute of Technology all students take practically the same studies the first year. Although there is little difference the second year, yet during the second year one must definitely determine which course he is to take. There were about a dozen courses in my day, the leading ones being civil engineering, mechanical engineering, electrical engineering, chemical engineering, and mining engineering. There were also courses in biology, physics, geology, etc. I knew nothing about any of these courses. As I was attending M. I. T. purely at my father's request, I hated the place and all the courses. I took Course I because it was the first course described in the catalogue; it happened to be civil engineering.

This course for its last year had three options—one for railroad engineering, one for sanitary engineering, and one for structural work. Here again I took the first of the three, partly out of spite. During my senior year I became fond of Professor George F. Swain, the head of Course 1. I kept up my acquaintance with him to the very week he died in 1931. He was a wonderful man. He believed in rugged individualism carried to the *n*th degree; but with it he had a heart and a kindliness excelled by few. Another splendid teacher was Professor Alfred E. Burton, who had charge of the drawing department. Professor Burton later became dean of the Institute; no institution ever had a better dean.

I also shall always feel kindly toward Professor Spofford, who helped me get through the final examination. Most of the Institute's work was very hard for me. I was not a natural student and did not care for much of the work. However, I seemed to get through every semester by the skin of my teeth. When it came to the final examinations, I was tired, having been engaged in outside work in order to earn a little money. One difficult subject was "structures," and my brain simply would not work the morning of the last examination on structures. I came near to giving up the examination. This would have meant flunking the course, thereby making it impossible for me to graduate. I decided to take one chance by going to Professor Spofford, who had charge of the examination, and telling him of my difficulty. He concluded that it was nervousness, and let me go in a room and lie down and rest. When I felt like myself again, I got up, and he personally let me take the examination by myself. Fortunately, I had a good mark and graduated in June, 1898, but I never would have except for Professor Spofford.

I did not see Professor Charles M. Spofford again for over thirty years. In 1929 I was approached by the Water Board of Gloucester in an attempt to purchase from me for a reservoir some five hundred acres of land which I owned in the heart of Cape Ann. I was told by real estate people that I could get from sixty thousand to one hundred thousand dollars from the city for this property. When I found, however, that Professor Spofford's firm were the engineers, and that he was anxious that I should make it a gift, I decided to present it to the city, taking no pay whatsoever. The city reciprocated by naming it the Babson Reservoir. It will also be a monument to Professor Spofford, who had such an important part in connection therewith.

HOW M. I. T. FAILED

The Massachusetts Institute of Technology at that time was the leading technical institution in the country. Its professors and instructors were the ablest men in their respective fields. There was no ballyhoo or politics in the institution. It was run by a board of intelligent, independent, and wealthy trustees, who had one goal in mind—namely, to make it and keep it the best institution of its kind in America. *Yet these professors and instructors apparently entirely* *overlooked the great industries which were to develop in the twenty years following my graduation.* There were a few "horseless carriages" about in those days; but none of those famous professors then dreamed that a great automobile industry would develop. The Edison and the Victor Companies were then marketing a phonograph, but none of those professors anticipated its future growth. I never heard the "moving-picture machine" suggested while I was at the Institute, yet it has also developed into a tremendous industry, with great possibilities for good and evil. Of course the radio was not thought of; yet think of the tremendous influence of this industry today. I remember hearing of experiments at flying, but no one visualized that airplanes would be hovering over this country and going from coast to coast in a few hours.

The Massachusetts Institute of Technology, although the leading technical institute in America, was content to teach railroading, electrical engineering, theoretical chemistry, and other fully-developed subjects. The instruction was given to discussing what had already been accomplished, rather than to anticipating future possibilities. This especially applied to the course in metallurgy and chemistry, where the professors did not dream of the tremendous developments ahead. This is not said in a critical spirit, but merely to illustrate how little even experts know. Those men were apparently oblivious to the developments ahead. Many of them actually felt that invention and science had about reached the limits. What is the lesson from this? The lesson is that the changes ahead of us today may be just as great as were those ahead of us in 1894-98. I am reminded of what Thomas A. Edison said to me the last time I saw him before he died. He put his hand on my shoulder and said: "Babson, remember that we don't know nothin' about nothin'." At another time, when he was more talkative, I asked him what he would specialize on were he a young man today; he replied, immediately, "Chemistry." The fact that in those days I was taught that "heavier-than-air machines could never fly," makes me hopeful that scientists are now wrong in their beliefs that "gravity can never be harnessed."

BUSINESS ADMINISTRATION

Since I graduated from the Institute, two or three more courses have been added to the curriculum, especially Course 15, known as Business Engineering. For some years I had been earnestly advocating such a course, and was instrumental in designing it. It was the course which I should have taken had it been in existence when I entered the institution. I worked strenuously to get the trustees to adopt it as a help to boys in the same predicament that I was when entering in 1894. The course immediately became popular, and for many years I gave one or more lectures each year to the senior students. I sometimes think that the course was too popular. Boys thought that it offered an easy way for making money. It has been interesting to see how many of the courses became popular and then dropped off in popularity. In the early years, the civil engineering course was the most popular; but when I was at the Institute, the electrical course had the most students. Later, chemical engineering seemed to offer the greatest opportunities.

Finally, this new course on business administration had a larger registration than any. With the business depression, however, some of the other courses again began to pick up, while business administration began to slide. I wonder what other courses will be added in years to come? I should like to visit the Institute in 1998. Will the institution then exist at all? If it does, I hope it will not be operated by any political body and be under government or state control. Those who want the government to take over educational institutions should read the history of church and state for the past few hundred years. The success of both came only with their separation. I am certain that the final success of both our political and educational institutions will depend upon keeping them separate. People cannot vote themselves an education.

GENERAL FRANCIS A. WALKER

I cannot close this chapter without paying my respects to General Francis A. Walker, who was president of the Massachusetts Institute of Technology when I entered. He was a wonderful man. His office was at the left of the corridor on entering the Rogers Building, and his door almost invariably was open. He sat facing this open door by a long table, and any student could enter at any time. For some years his son, Francis Walker, has been chief economic advisor to the Federal Trade Commission in Washington. Before writing this chapter, I called upon the son personally to acknowledge my indebtedness to his father. At the beginning of my sophomore year I had a talk with General Walker, explaining to him that I am not of a scientific turn of mind and had come to the Institute only at the request of my father. He asked me if I liked business, and I told him yes, very much. To this he replied: "You should be very thankful, because the graduates who succeed are those who can tell a quarter from a half-dollar, rather than those who can tell a strut from a tie."

General Walker was followed by President Pritchett, who involved the institution in a consolidation row with Harvard College. President Pritchett favored this consolidation, but the M. I. T. alumni checked it in the bud. For this everyone should duly be thankful. To consolidate Harvard with the Massachusetts Institute of Technology would have been like trying to mix oil and water. President Pritchett was succeeded by two or three other presidents.

Then came President Stratton, who for many years had been head of the Bureau of Standards in Washington. During his presidency I had the honor to be elected by the alumni to become a member of the Corporation, equivalent to being a trustee. Attending the meetings of this board was a great pleasure. We of course did not have much to say, as the Institute was being ably run by the Executive Committee under the guidance of Mr. Everett Morss, the treasurer. Let me here add that the Massachusetts Institute of Technology is tremendously indebted to Everett Morss. He was a great worker, a wise administrator, an independent thinker, abounding in common sense and yet possessing a very kind heart. Incidentally, a Gloucester boy, Mr. Horace A. Ford, who used to be in my Sunday-school class, was elected to be Mr. Morss's successor. As I write this book, Dr. J. R. Killian Jr. is president of the institution. He succeeded Dr. Karl Compton, an able man, trained as a physicist, and belonging to a very useful family. Certainly one cannot study his ancestry without believing in the great value of good inheritance.

Chapter VI

IMPORTANCE OF SUMMER WORK

ALMOST every boy worked during school vacation when I was being brought up in Gloucester. Of course, the sons of the few rich families did not work, even though in some cases the boys wanted to. Their mothers thought it was beneath their dignity. For their own pride's sake they handicapped their children.

CHINAMEN AND CIRCUSES

The normal young person loves to work, if the work is something for which he is fitted. It is as natural to work as to eat or to sleep; in fact, one cannot be enjoyed without the other. I well remember when my father "put me to work." Coming along the street one day, he found me carrying a bucket of water into a Chinese laundry. When I came home to dinner, he inquired the reason for it. I told him that the Chinaman had offered me a cent for every five buckets of water I would bring to the laundry from a pump near by. Those were the days when there was no water system in Gloucester. Most homes had cisterns, but every neighborhood had a common pump owned and maintained by the city. People from stores and homes without cisterns went each day to this common pump to get their water.

The Chinese laundry was a large consumer of water, and hence had to get much from the nearest town pump. I suppose there was a fascination about Chinamen to boys. Their Oriental dress and pigtails, the quaint characters of their writing, and their whole set-up made their laundries seem to us boys more like a museum or miniature circus than a store. Hence, we were all glad to carry water at the rate of five buckets for a penny in order to be on the inside and see the workings of these interesting Orientals. I also sold newspapers for a while. This was the day of the *Cape Ann Breeze*. My mother, however, put a stop to this. She was not going to have "my boy" selling newspapers.

The climax came, however, on a day when Barnum's circus was in town. We boys always used to get up at four o'clock in the morning and go to the railroad station to see the elephants and other animals unloaded. It truly was a great event. We then were supposed to be home to breakfast at seven o'clock. My father's great fetish was to be prompt at meals and early to bed. I could have done almost anything during the daytime, if I were prompt at meals and early to bed! Well, on this fatal morning I was not at breakfast at seven o'clock. The family waited fifteen minutes, and still I failed to appear. The truth is that I had forgotten all about breakfast or, in fact, my home, until a policeman touched me on the shoulder at the circus grounds about ten o'clock and said, "Come with me." When I asked him what it was all about, he said that I was under arrest and that he was to take me to the police station. This he did. He then sent for my father, and my father came and took me home. Of course it was a put-up job by my father, but it certainly put the fear of God into my heart.

When my father asked me for an explanation of my not returning to breakfast, I told him that I had been hired at the rate of a cent a bucket to carry water for the elephants! I was so enticed by the sudden increased demand for my services and by being given five times my former "wage," that I could not resist the temptation. The circus, however, was at "Stage Fort." It was near enough to water; but the water was salt—that is, it was near the ocean. Unfortunately, elephants would not drink salt water, and I had to go a long distance to a brook to get fresh water. When breakfast time came, I went to the circus man to get my pay, having carried ten buckets of water. To my chagrin, he told me that he paid only in tickets. As the price of the ticket was twenty-five cents, I must carry fifteen more buckets of water or else all my labors would be lost. So I gave up the thought of breakfast and continued to plug along until I got my twenty-five buckets and the ticket. Fortunately, I had the ticket in my pocket and was waiting for a chum when the policeman took me to the station. My father might have concluded that I was destined to go into the water business. I am surprised that he did not get me a job with George Norman when Norman later built a water-works system for Gloucester!

ORIGIN OF VACATIONS

There is a tendency for us all to forget the real purpose of the school vacation. It was not to give either teacher or children a few weeks off. The welfare of the teacher or the children was not even considered in the matter. The sole purpose of these school vacations was to give the parents the use of their children at certain times during the year. Originally there were only two vacations —the spring vacation and the summer vacation. When my father was a boy, Christmas was barely observed. The banks and most of the stores were open on Christmas day. Christmas has since been developed by the commercial interests, the same as have been Mother's Day, Father's Day, and various other days. Therefore the present custom of taking care of children with camps, vacation schools, etc., is putting the cart before the horse. The real purpose of the vacations was to allow the children to help their parents. Otherwise there would have been no vacations. The time, moreover, may come again when there will be no vacations among school children in cities. The spring vacation was given because it was mud time when the ground was thawing and it was difficult to get to and from school. The summer vacation was given to enable the children to work in the fields and help their parents.

Public-school systems must some day tackle this question of school vacations. Schools should be operated for the scholars and not for the teachers. I fully sympathize with teachers for wanting vacations in view of the strenuous strain under which they work for forty weeks. On the other hand, if these teachers worked in banks, offices, or factories, they would be happy with a two weeks' vacation during the year. To set up the school system on such a program would require smaller classes and more intensive instruction. This latter program should be better for the scholars in the long run. Scholars undo during their summer vacations much that they accomplish during the school year. Under such a program more time would be available for teaching children how to live and for developing them physically and spiritually as well as mentally.

PROPER USE OF VACATIONS

Boys' camps and girls' camps are today doing splendid work along these lines. Yet all these camps are more or less expensive and are a drain on the purse of people in moderate circumstances. They should be used, however, by all parents who can afford to do so. Vacation schools operated by churches are now doing good work, while the Y. M. C. A. and the Y. W. C. A. and various other organizations are coming to the rescue. Supervised play is as necessary as supervised study. During school time children are taught how to get on with books, but during vacations they can be taught how to get on with people. The latter is more important than the former. Our whole system of education needs complete overhauling. It was designed for a period when children worked at home doing chores every day of the year and were further employed in the fields during the summer. This home and field work was a large factor in developing their character and their health. As our population has gradually changed from rural to urban, this great asset has been lost.

Summer work is not only a great factor in developing a boy's character and health, but is also useful in helping him ascertain for what he is best fitted. He should not be allowed to graduate from high school until he has discovered the work for which he was created. This decision should be written on the diplomas. Nine-tenths of the unhappiness, and a large proportion of the physical breakdowns, are due to people being in lines of work for which they are unfitted. Young people graduate from school and college without any concrete ideas as to their inherited talents and desires. They take the first job that comes along, and are very likely to continue in the same wrong line of work throughout their lives.

Misfits in business are developing a most chaotic condition. They account, in part, for the irrational action of the business cycle. Our booms would be less reckless and our depressions less severe if we all were in the line of work for which we were created. Some good work has been done in vocational guidance, but such efforts have been largely in the line of "hospitals" and clinics. A young person should naturally find that for which he is best fitted. To get into the right line of work is important. Vocational guidance classes are necessary as hospital clinics; but a boy or girl who will work every summer in different lines soon finds out for which he or she is best fitted. Another method of accomplishing this is the Webber College Work-Study System.

INITIATED INTO BUSINESS

My father did not worry much about vocational guidance or any other theory. He simply said: "Roger will stop this nonsense of carrying water for Chinamen and elephants. Tomorrow morning he will go to work." And to work I went. He took me up on the farm, gave me a hoe, and said: "You see this is the beginning of a row of potatoes." "Yes, Father," I respectfully replied. "Then take this hoe and go to it until you reach the other end," were my father's orders. That was my initiation into business. That entire summer I spent working in my grandfather's fields, for which work my father paid me twenty-five cents a day. Frankly, I was not very keen for it. Farming never appealed much to me. Chinese laundries and circuses were far more inspiring. The sweat poured off my brow and my back ached, but I knew my father. He gave me a lot of rope and freedom, but when he once took a stand, it was final. The sooner I fell in line and obeyed orders, the better off I was. But while I was working with that hoe I had a lot of time to think. My thoughts primarily were concerned with how I could escape that hoeing and at the same time please my father. This is how I reached my goal.

My grandfather's main source of income was from a profitable milk route in Gloucester. He had a small herd of cows and sold milk to the best families. Ordinarily only one man was necessary to run this milk route. When my uncle George was alive he handled it himself, but when he died a man by the name of Joe Butler assumed this job. During the summer season my grandfather would stack the cart with a lot of fresh vegetables such as beets, peas, and string beans. Under these conditions it was necessary to have two men on the cart, because the time consumed in peddling the vegetables delayed the delivery of the milk. The customers howled when the milk came late. One day this assistant who sold the vegetables failed to show up. I volunteered to go on the milk wagon with Joe Butler and handle the vegetables. This was my first great chance at business and I had sense enough to realize it. I believed that if I could make good at the peddling, I could graduate from the hoeing. I certainly worked like a Trojan to sell those vegetables; I begged, I enthused, and I fought.

At any rate, when Joe and I returned into the farmyard, every box was empty and I dumped into my grandfather's hat more cash than he had seen for many a day. I was never asked to hoe another row of potatoes! Finally I was assigned a plot of land "for my own" from which I was to have all the profits.

EXPERIENCES AT SELLING

My eyes were then opened to this fact: although there is more profit in selling than in producing, yet, best of all, it is well to be in business for oneself. At any rate, for the next two or three years I had my own tract of land, which during the April vacation I plowed and planted. My grandfather gave me the necessary manure (he really wanted the land turned up and fertilized so as to give a good hay crop the following year), but I paid for the seed and did all the work. My father always had an extra horse and, for taking care of both horses, he allowed me to use the democrat wagon and Nellie to peddle my vegetables. Hence these vegetables were nearly all profit; or, to speak more correctly, my wages consisted of all I could collect. I gathered and prepared the vegetables as they came along and I personally marketed them. I first began to sell them among our family friends; but, unfortunately, found that these were my grandfather's customers. Grandfather was agreeable to me, provided I did not cut prices; but of course it was not quite fair for me to take his trade at any price. I therefore started out to build up a trade of my own.

There was a portion of Gloucester which in those days was known as Portuguese Hill. Today it is labeled Friend Street, and I may have been the one to name it! These Portuguese certainly proved to be good friends of mine. Up to my time no one had deigned to come around with a cart and offer them vegetables. My grandfather and the other native farmers felt that these "furriners" were not worth it. I was the pioneer merchant to Portuguese Hill and reaped a handsome reward, although they were terribly close traders. However, that trading with me was an important part of my education. Many boys who were never forced to trade in their younger days, lost the family fortune in years to come. I spent my afternoons gathering, cleaning, and preparing the vegetables for market. I got up early the next morning and brushed my father's horses before breakfast, and then spent the forenoon with my "real friends," the Portuguese of Portuguese Hill.

My mother was continually complaining about my friends on Portuguese Hill. Whether the neighbors twitted her on the subject or not, I do not know. Mother was proud and I fear that I disgraced her many times. At any rate, somehow or other I was euchered out of peddling vegetables. It did not bother my father; in fact, I think he was proud of me. It was evident, however, that mother did not like it and that I must hunt around for something else.

I had always had an interest in electricity. The telephone and electric light had just come to Gloucester. The telephone manager of those boyhood days was George O. Stacy. He had an assistant named George Honnors, who, as a side line, installed electric bells in new houses. I was always fascinated by the work and used to help him, despite the fact that I then received no pay for my services. Finally, his regular telephone work required so much of his time that he was unable to take any more of these outside bell-wiring jobs. Thereupon I became an electrical contractor!

ELECTRICAL CONTRACTING

My first job of the kind was on a new house being built on Summer Street by Dr. George H. Newell. He was the leading dentist in the city and we children all liked him. He was a kindly man who sang in the Congregational church choir. As I am writing this book, he is mayor of the City of Gloucester, although now about eighty years of age. Therefore, either for good or evil, Dr. Newell started me out in the public utility business! I especially liked to wire new houses in order to do the work while the house was being built; but most of my work was in old houses. Doorbells were my specialty, but I also installed table bells, although only a very few families then had maids. I purchased my supplies from the Holtzer-Cabot Electric Company, of Boston. These supplies consisted of wet "Sampson" batteries with merely carbon and zinc electrodes, ordinary bells, push-buttons, and wire. To my great surprise and joy, the first shipment came to me with a forty-per-cent discount! I surely had my eyes opened when I got that bill. I suppose it was due to the fact that I had the sense to print, on a little printing-press that I had received for Christmas, my letterheads:

ROGER W. BABSON
ELECTRICAL CONTRACTOR
8 ANGLE STREET, GLOUCESTER, MASS.

I had no idea that such discounts were obtainable; hence this was another important stage of my education. I had supposed, until then, that electrical contractors received pay only for their time. When I found that I would also make such a profit on the bells, push-buttons, and other supplies, I certainly got busy to electrify the town! There was, however, a twofold trouble with this line of work; first, that after all the families who could afford it had their houses wired, there were no more to wire; and, second, when their electric bells got out of order, these old customers would never pay me anything for coming around and making repairs.

From these experiences I learned a lesson—namely, that the equipment business is not an especially good business. It is much better to have a *repeat* business. Then and there the idea occurred to me that the concern which *generates and sells* the electricity has a far better break in the future than the concern which makes the equipment. Yet readers will be interested to know that, through my large interest in the stock of the Gamewell Company, I later was indirectly the largest stockholder in the Holtzer-Cabot Electric Company. Of course, in the long run, no special kind of business has all the good points or all the bad ones. The sale of electricity is a good business; but it is subject to government regulation and even to government competition. Every industry has its advantages and disadvantages. Every year I am more and more convinced that the best security and profit come through diversification.

WORKING IN CHICAGO

The summer of 1893 in Chicago was certainly an important part of my education. My Nebraska cousins had secured employment with a new concern which had the phonograph concession at the World's Fair. No phonographs as we now know them existed in those days. Those original phonographs consisted of machines operated by springs, with soft wax cylinders as records, instead of the present flat hard disks. There were no loud speakers, and it was necessary to put tubes in one's ears to hear a song or short speech. At various locations on the Fair grounds there would be a group of these machines, in which people would place nickels to hear the music or talk. My work was to collect the nickels. It was a hot summer and the days were very long. Our eating facilities were terrible, but most of all I remember lugging those heavy bags of five-cent pieces amid the glare of the bright pavements and white buildings.

I surely got a great thrill when forty years later at the great World Fair of 1933, a Special Babson Day was held on October 11, 1933, in my honor.

The oldest of these Nebraska cousins was Mr. Henry Babson, who, after the 1893 Fair closed, took the exhibit and went with it to the Pacific Coast Exposition. Through either good sense or lack of funds, he did not return to school, as I did, but continued with the phonograph industry. He finally became one of the first stockholders in the Victor Talking Machine Company and sold out his interest for several million dollars. My other cousins started a small mail-order business and were the first to sell on the installment plan by mail which made them all millionaires. I guess we all came from the same ancestral gene from which I came, a merchandizing strain.

BILL-COLLECTING

As I have previously explained, my father insisted, while I was in high school, that I study bookkeeping. He did not care whether I studied French or any foreign language, or whether I studied science or anything else, so long as I studied bookkeeping. He surely had a bug on bookkeeping; and let me add he was right. Many a young man has lost his family fortune and his own shirt because at school he had studied French and German instead of accounting. A typical college education may help one to call a cab in Paris, but it is of no use in helping one to audit his books in business. Apparently my father had once again come to the point where he decided to take me in hand and have me work at a "real job." To head him off, I got myself a job keeping books for a man by the name of Charles Andrews, who operated a spar-yard on Commercial Street, Gloucester. I enjoyed this work, at which I used to sit on a high stool in the little building adjoining the spar-yard. I drew checks to pay for great logs which had come all the way around the South American continent from Oregon. I made out the pay-roll and prepared the bills for these spars which were purchased by the fishing concerns of Gloucester.

My father was prompt in paying his bills; in fact, he paid cash in most instances. Previous to my employment at Andrews Spar-yard, I had supposed that all people paid their bills. It was a great surprise to me to learn how difficult it was for Mr. Andrews to get his pay for the honest work which he had done. Finally, I offered to go out and try to collect some of these bills. I told Mr. Andrews that I knew these men, that they were the richest men in Gloucester, and that I could easily collect. Here came another step in my education. Because a man drives fast horses or because his children have ponies is no sign that he pays his bills. I found some of these men whom I had supposed to be rich were pretty much deadbeats. The whole experience was a revelation to me. I would come home and tell my father about it, but he would just listen without making any remarks. Of course he knew what I was telling him, but he preferred not to discourage me in my efforts. I saw he got a great kick out of what I was doing.

That summer's experience was worth more to me than all the French, German, botany, and geometry that high-school teachers could pump into my head. I worked on the account-books half a day and collected bills half a day. I met all kinds of people from the fishermen in the vessels to the "rich nabobs" who owned the big fishing firms. It was the year following my last year at high school and preceding my first year at the Massachusetts Institute of Technology. I once thought it might have been better for me to have continued in this line of work and gradually build up a chain of spar-yards from Maine to Florida. But if so, I would have been in the equipment business, instead of in the repeat business, which I now enjoy. When a vessel bought a good Oregon spar, it lasted until the ship went to the bottom of the ocean. Those spars never broke or wore out. There was not much *repeat* business in connection with the making and selling of Oregon spars.

FIRST STATE HIGHWAY

When attending the Massachusetts Institute of Technology I would spend the week in Boston and come home for Saturdays and Sundays. My father did not pay much attention to me on those week-ends, except to look through my expense account and to see that I went to church on Sunday. Mother was crazy about me the first evening, but, as she said, "I'm always glad to have you come and always glad to have you go." Good soul, she was the one throughout my life that I always made doubly happy! During the first year at M. I. T. I saw in the newspapers that a Massachusetts State Highway Commission had been formed and that one of the first new highways to be built would be from Gloucester to Magnolia. The idea then occurred that this might offer an opportunity for me, as I was to take the course in civil engineering. On looking the matter up, I found that Mr. Winslow L. Webber, the city engineer of Gloucester, would have something to do with the work. Therefore I went around to the City Hall week-ends and made it my business to get acquainted with the city engineer. As I was to study engineering, I offered to go out with him on some of his work Saturdays, and in fact worked in his office during my Christmas and spring vacations of that year. Finally, when the Gloucester-Magnolia highway job opened up, I got a position as timekeeper. I had my breakfast at 5.30 A.M., got aboard one of the dump carts which went by my house at 6 A.M. loaded with men, and began work at 7 A.M. at Magnolia.

There were no trucks or automatic machinery of any kind in those days. Everything was done by pick and shovel, although there was considerable blasting. It was good healthful work and developed me physically. It also gave me a general idea of engineering and contracting. This was the summer of 1895. When I went to work, my father's only instructions were: "Keep your ears open and your mouth shut." I kept both my eyes and my ears open, although I cannot vouch for keeping my mouth shut. A glib tongue was always my pitfall, and I fear it will some day get me into *real trouble*. I worked up to the very day that Technology opened, the last week in September. I started in as timekeeper, but wound up as assistant to the engineer in charge, who represented the State Highway Commission. Apparently this engineer later spoke a good word for me to the Commission, for in the summer of 1896 I was offered the job of engineer on a state highway being built between Norwood and Dedham. This position I accepted. When it came to the spring of 1897 and I was looking for another highway job, the selectmen of Norwood gave me a good recommendation.

I spent the summer of 1897 on similar work as engineer on the state highway being built between Gardner and Westminster. On this job I had as my assistant Mr. Leroy D. Peavey, a classmate at Technology, of whom I was very fond and who later became president of our Statistical Organization. While working on this Fitchburg road I was offered a supervisory position in the factory of the Heywood-Wakefield Company. If I had taken this job, it would probably have changed my whole course of life. However, I did not, but went back to the Massachusetts Institute of Technology in the fall of 1897 to complete my last year, trusting to actions and reactions.

SELECTING BUSINESS ASSOCIATES

There are many interesting stories which I could tell about those days. One of these stories would be how in the fall, when on the highway work, I would collect the dynamite and keep it between the mattresses of my bed (we of course all slept in tents) to prevent it from freezing. Another story that Professor Frank Allen of the Massachusetts Institute of Technology liked to tell was about my purchase of a brand-new road roller "on tick." I knew that the town for which I was to work must have a road roller to do the job, and yet feared that if the selectmen waited until they actually needed it, it would be impossible to get it in time; so I purchased it myself! I paid one hundred dollars down and the balance "on delivery," although I saw to it that the road roller was not delivered until the town needed it! This was the only thing which I ever purchased on the installment plan. Let me close this chapter, however, with a brief story of how I selected Roy D. Peavey as my business associate.

There were certain courses during our first year at the Massachusetts Institute of Technology which brought all the freshmen together in one group in Rogers Hall. One of these courses was English under Professor Arlo Bates. Rogers Hall was built in amphitheater style, with opera seats, and we boys would gather perhaps fifteen minutes or more before the lecture. It was the only opportunity we had for all getting together and for getting acquainted one with another. There was one odd-appearing lad in the class whose name was Fogarty. He dressed in a peculiar way and had long black hair. Although he was the butt of the class, it did not seem to bother him. One day as I came into Rogers Hall and sat in my seat, I saw that some one had written on the blackboard, "Fogarty is a damn fool." I sat there with the rest of the class and giggled, waiting for Fogarty—poor fellow—to come in and see it.

Finally, in sauntered Roy Peavey in his usual nonchalant manner and sat in his seat. After being there a couple of minutes, he looked up and saw this inscription on the blackboard. Did he continue to sit there and giggle like the rest of us? No, he did not; he got up, went to the blackboard, and erased the writing. He then returned modestly to his seat. Some of the boys started to hiss, but the hissing soon changed to an applause. After that lecture I made it a point to get acquainted with Roy Peavey. We were together from that day on. Mr. Peavey was always a man of high principles, with quiet disposition that enabled him to get along well with me. For the many years that we were in business together I supplied the gasoline for the car and he supplied the brakes. No, this is not quite fair; I think he often supplied the steering-wheel as well. At any rate, his career was determined when he had the courage and kindness to erase "Fogarty is a damn fool" from the blackboard. That act showed me that he was of the kind which I wanted for a business associate. When selecting business associates since, my policy has been to get good men and then make statisticians out of them, rather than to get statisticians and then try to make good men out of them.

Chapter VII

HAVING YOUR OWN BUSINESS

MY FATHER had little to say to me as to my school studies or summer work. He was a man who spoke seldom, but when he did speak it was the result of careful thought. Then he demanded obedience. In 1890, upon my entering high school, he insisted that I take bookkeeping, which I did, even though it cost me a regular diploma. During the remaining four years he seldom commented on my work, and appeared not much interested in my report cards. After I had finished high school, he again, in 1894, asserted himself, insisting that if I went away to school anywhere it must be to the Massachusetts Institute of Technology. Yet during the four years spent there he seemed little interested, and he did not discuss my studies or ask me many questions. He especially let me work out my own salvation during the summers. Mother, however, was always very much interested in my progress. She attended all graduation and commencement exercises, and seemed to enjoy them greatly. My father did not even bother to go to a graduation or any of the accompanying functions.

FATHER URGED A "REPEAT" BUSINESS

Father had no office after he sold out his dry-goods business in 1890. He saw people at his home, where he had a roll-top desk and attended to his investments. These investments were his only source of income, and he certainly attended to them. When he wished to see anybody alone, he would take him for a ride in his buggy. (I am not using this phrase in the sense that it is used today, as everyone safely returned from those famous rides, although often in a humble mood.) During my first visit at the old home after graduation in June, 1898, I was invited on one of these famous buggy rides. We headed for East Gloucester, and we had no sooner got over to Bass Rocks than my father opened up. He told me that he had let me fumble along both in my studies and in my summer work. He stated that civil engineering was my own choosing, but that whatever course I might have taken, he would now talk to me along the same lines.

His opinion was that none of the professors at the Massachusetts Institute of Technology taught what appealed to him. Construction work, equipment jobs, and other engineering and mechanical projects lead only to a "one job" business.

He emphasized the importance of my getting into a "repeat" business, as he called it. He suggested merchandising, banking, insurance, and public utility operation, but not public utility construction. He explained to me that the world's greatest invention was six per-cent compound interest, which goes on twenty-four hours a day, seven days a week, and fifty-two weeks a year. He also pointed out that a corporation, family, or individual who once gets into debt seldom, if ever, gets out. Thus, if we get the proper security we have an income good for eternity.

Father's first idea was chain store business; but he thought well of the insurance business. "There is only a small commission in the original policy," said he, "but the renewals go on indefinitely and form the foundation of a very clean, profitable, and pleasant business." He mentioned an insurance agency in Gloucester which he was willing to purchase for me and become my silent partner. His third suggestion was that we buy the electric light company of Gloucester, which then was practically defunct, although it was finally sold at a handsome profit. He visualized clearly the repeat feature in connection with the sale of gas, electric power, and transportation. He told me that I had better take a vacation for thirty days and think it over, but that at the end of the thirty days he expected a definite answer from me as to which of these three lines I would follow. Knowing that he was careful and wise, I naturally was much pleased at his offer to back me. My father never backed lame horses!

HOW TO GET A JOB

During this vacation I did some hard thinking. On the thirtieth day I returned the compliment by inviting him to go for a ride with me. Furthermore, I would not go in his horse and buggy, but insisted on furnishing the horse and buggy myself. Frankly, I told him that I preferred not to stay in Gloucester. When he put me on the spot, I could not give him any satisfactory definite reasons; but in my heart I knew that Grace Knight, to whom I was then engaged, preferred to live in a suburb of Boston. This decision eliminated the insurance and public utility propositions, as my father would not have been interested in backing me except in Gloucester, where he could keep his hand on the throttle. We finally decided that I should go into the investment banking business, "provided I could get a job."

Once again my father threw me on my own, and I began to canvass banking-houses of Boston for a position. This was in the summer of 1898, at the tail end of the great depression of the 'nineties. Of course, conditions were then very bad in the line upon which my father and I had agreed. I visited every banking-house and investment firm in Boston, but without avail. Finally, I saw a small advertisement in the newspaper to the effect that a young man was wanted in a certain investment house. The advertisement was signed by a box number.

I wrote immediately, but received no answer. This first letter I followed up with three or four others, but no reply came. Finally, a brilliant idea occurred to me. I went to the post office and inquired as to who owned this specific post-office box. To my great regret, I was told that it is against the post-office rules to give out such information. Not being satisfied with this reply, I saw the postmaster himself, but with no better results. I then wrote another letter, but no reply came.

Finally, one morning about five o'clock, as I was lying in bed, another brilliant idea came to me. It has always been my habit to go to bed early and get up early. I surely lost no time that morning, but quickly dressed, got my own breakfast, and left on the 6.15 A.M. train from Gloucester for Boston. Then I immediately walked over to the post-office, hunted up that post-office box, and stood by it like a military sentinel until some one came. Finally, a boy appeared with a big leather bag, which was lettered "E. H. Gay & Co." He opened the post-office box, dumped the mail into the bag, and started toward Devonshire Street. I followed him into his office and boldly inquired for Mr. Gay. I was told that Mr. Gay would not be there for an hour. I waited, and finally Mr. Gay came. He was formerly of the firm Barnard and Standwood, which sold some of the earliest Massachusetts street railway bond issues—namely the "Black Rocks and Salisbury Beach" issue.

I told Mr. Gay that I had come for that position. He asked how I knew that it was his firm which had inserted the advertisement. I then told him the story which I have just related. I can see him now, sitting and twisting his miniature mustache and looking at a big pile of letters on his desk. These he fumbled through and pulled out my four or five, and said: "Young man, here are your letters. They really are the worst-looking letters that came to me, but I am going to give you the job because you have some *initiative*." I went to work that morning. My first job was assorting and indexing a big pile of bond circulars which had been accumulating for many months. That very day in July, 1898, a seed was planted in my subconscious mind which later developed into the compilation of *Babson's Reports*.

I WAS SOON "FIRED"

The head men of E. H. Gay & Company were Mr. Eben H. Gay, Mr. Walter H. Trumball, of whose son I have since become fond, Mr. Charles S. Cummings, and Mr. Archie Burnett. There were two bookkeepers in the cage named Kimball and Williams, who later formed a firm of their own and became quite successful. The business was entirely new to me, but I quickly found that the profit was in the sale of the bonds and not in the engineering or statistical work. I therefore tried to sell a few bonds on my own account outside of office hours, especially while in Gloucester on the weekend. This I succeeded in doing. My first bond was sold to Mr. Albert W. Bacheler, who had been my high-school principal. I made sales to several of the leading families in Gloucester. I know that I could not have done this unless my father had quietly spoken a good word for me.

Everything went well until I discovered that I could buy many of these bonds just as cheaply as the firm could. This even applied to bonds of the Hudson River Water Power Company which I was beginning to sell. Furthermore, I found that there was a tremendous spread in certain bonds. For instance, a bond would be offered on the printed circular at 100 and interest which could be bought in the unlisted market at 70 and interest. Finally, I went to Mr. Gay regarding this discrepancy, especially as he allowed me a commission of only one per cent. I saw that the matter irritated him, and he referred me to Mr. Trumball. Mr. Trumball was a dignified man, and he certainly talked to me like a father to a sick child. I tried to forget the matter, but questions continually arose in my mind which I would take to Mr. Trumball. Apparently I was losing my popularity in the office. The boys did not invite me to lunch with them, and there was a coolness which was visible. Yet I was perfectly innocent and did not realize what it was all about. The only one who seemed to have any sunshine for me was Mr. Cummings.

Mr. Gay also had an office at No. 1 Nassau Street, New York, in the charge of Mr. George D. Baker. One day I took to Mr. Trumball a copy of the *Commercial and Financial Chronicle* and showed him that a bond which he was asking me to sell in Gloucester at 98¼ and interest was being quoted on the unlisted market in New York at 80. I asked, "Why the quarter?" He replied: "None of your damn business." Within a couple of days I was asked to go to New York and see Mr. Gay, whose headquarters were then at the New York office. I well remember that day in New York. Fortunately, Mr. Baker and John Curtis were the only witnesses to the execution. There is no use of relating the harrowing details, but I was "clean plumb fired."[1]

HOW INVESTORS LOSE MONEY

I thanked Mr. Gay for the start he had given me and went out on Wall Street. I went over to the steps of the Treasury Building and sat down to think. I must have sat there several hours until a policeman finally came to see whether I was asleep or drunk. I determined to stay in New York, where bonds were sold at the market instead of at such fictitious prices as Boston firms were getting for the same issues. I spent the rest of the day in hunting up an office, and hired desk room in an old building at 10 Wall Street, between Broadway and Nassau Street. My landlord was a man named Hackett and I paid rent at the rate of fifteen dollars a month. I next started to hunt up a boarding-house, and found a small hall bedroom on Third Avenue near Fourteenth Street in an apartment rented by three old-maid school teachers. I have seen many hard-boiled people, but I never saw the equal of those old maids. The next morning I had some letterheads printed and rented a typewriter. I immediately began to write my New England friends, offering them the same bonds which I had been offering them while with E. H. Gay & Company, but my prices ranged from five per cent to twenty-five per cent lower. Naturally, you would think that I should have done a land-office business at these lower prices, but I did not.

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[1] The following quotation from a letter written by Mr. Baker, March 20, 1935, may be interesting to some readers:

"You had an experience while with E. H. Gay & Co. to do a little investigating, and you used that experience to make a beginning of your career. You went out to Ohio to see what was behind the Akron, Bedford & Cleveland St. Ry. Co. bonds before you placed some of those bonds with your customers. I suppose you then found that it was more important to give information than to sell bonds. I wish I had that little card box which contained cards and which you brought to our office. This was one of several boxes which comprised the entire facilities of the Babson Statistical Organization. I believe the first of these boxes was placed with E. H. Rollins & Sons; but ours was one of the original forerunners of the system. The box was about six inches long and could hold 200 to 300 cards. You soon found it necessary to employ some help in making daily calls at the various offices to enter on those cards the up-to-date information gleaned from various sources regarding properties which were listed on those cards. That was the infancy of *Babson's Reports.*"

Even then I was more of a statistician than a psychologist. I did not realize that most investors had rather pay considerably more for the same bond if purchased from a fine office with expensive mahogany furniture, than to buy it from a little fellow like me who paid only fifteen dollars a month for desk room and slept in a hall bedroom. Such is the frailty of human nature! This, to a large extent, explains why investors have always got stuck and probably always will! Congressional legislation may provide investors with better information, but it will never provide them with self-control or eliminate their pride. From the days of ancient history the people have been buncoed with show and tinsel. The people of Persia, Egypt, and Rome in the older days, and the people of Germany, France, and England in these modern days, have been blinded by the show, the luxury, and the whole vain paraphernalia of royalty. In these modern times, bankers, captains of industry, and even labor leaders, are moved more by an invitation to lunch at the White House or at Morgan's offices than by anything else.

But to get back to my story. Despite the fact that my New York venture was a disappointment, I made many friends and much more money while in New York than I did when in Boston. I constantly realized, however, that I was up against a terribly stiff game. My subconscious mind kept urging me back to New England. The climax came one evening about seven o'clock, as I shall relate.

WHY I FEAR NEW YORK

It was my custom to stay late at my little Wall Street office. My business was almost wholly by mail and I typed my own letters. One night about 6.30 P.M., after I had closed the office to go out to get my supper, I had an experience which made a deep impression on me. I walked to the corner of Wall Street and Broadway to take a street car back to my little hall bedroom. Standing on this corner was a man selling apples from a basket. A woman was boarding a street car which preceded the one for which I was waiting, and while doing so she dropped her umbrella. The street pedlar, out of the kindness of his heart, went out into the street, picked up the umbrella, and handed it to the lady on the open car. While he was gone, a bunch of newsboys swooped upon his basket and stole some of his apples. I witnessed this performance with an elderly gentleman who apparently was a man of affairs. At least he was exceptionally well dressed, with a silk hat and a gold-headed cane, although I have since learned that these things do not mean much. I have often wondered who he was. He looked like a banker or a railroad president, but he may have been only a bucket-shop manager. I turned to him and said: "That was an awful mean thing for those boys to do." He replied: "Young man, you'll have the same thing done to you some day if you continue to stay in Wall Street."

This hint was enough for me, and I decided then and there to close my office and go back to New England. Yet I did not quite dare to go to Boston, and so hit upon the crazy idea of opening an office in the Knowles Building, in Worcester, Massachusetts. I knew no one in Worcester, but I just wanted to get out of New York City and at the same time I was not yet ready to go back to Boston. I had made connections in New York to purchase my bonds at wholesale and continued the old method of selling by mail to my friends in Essex County. I also made a connection with the Cleveland Trust Company and with a Detroit bank, because I found that I could buy certain street-railway bonds from these two institutions at prices under what they were being sold for even in New York City.

Later, I made a valuable connection with a good friend named Benjamin Fisher, who had a small bond business. Let me here add that the confidence of good people is a valuable asset. It is also interesting to note that George D. Baker, who saw me fired in New York, later left Mr. Gay and started a firm of his own, known as Moore, Baker & Co., with an office in Boston and in Cleveland. The tide was beginning to turn toward buying and selling "at market" even in Boston, rather than at the blue-blood circular prices. I was working with the tide. Yet I found that my wholesale market in New York was not the *real source* of supply. These New York brokers from whom I was buying were buying from the manufacturers of the securities in Cleveland, Detroit, and other Western cities. Therefore, I was learning fast and at the same time making a little money.

INVESTMENT BANKING TRICKS

I had not been in E. H. Gay & Company's office since I had left it in disgrace two years previous, but one day an opportunity came where I saw that I could do Mr. Gay a favor. It was in connection with two bond issues which he was selling—namely, the Lynn & Boston Street Railway Company First Mortgage 5s and the Boston & Worcester Street Railway First Mortgage 4½s. It happened that I personally knew Mr. Edward P. Shaw, of Newburyport, who was the leading builder of Massachusetts street railways. My greatuncle, Charles Babson, married a Shaw, and, furthermore, the Shaws in Newburyport were neighbors of my greataunt Elizabeth Tilton, who had a home there. Her husband, Dudley Tilton, was superintendent of the Newburyport gas plant. Mr. Shaw had built the original horse-car line in Gloucester and later electrified this line and extended it. He seemed to take a fancy to me, and I was able to get some important information which I carried to Mr. Gay. Mr. Gay thanked me in a dignified way, but apparently was not influenced by it.

Mr. Charles S. Cummings, however, saw me in the office and invited me to lunch with him. To my great surprise, he said that he and his partner Mr. Gay, were to separate and he was going to start a firm of his own, known as C. S. Cummings & Company, and specialize in street-railway and public-utility bonds. He offered me a position. As the Worcester venture had not got well under way, I accepted. In fact, it was the only position that had ever come to me out of the clear sky. All my former jobs I had been obliged to dig up by hard work. Mr. Cummings' offer gave me a chance to continue with him in the same general line of business but under much better auspices, as he had engaged attractive quarters at 43 Milk Street and had capital. This was in 1900. We started temporarily at 7 Water Street with a bookkeeper named Edward Mead and a stenographer named Susan Wentworth; and I want to say right here that Susan Wentworth was a wonderful girl. Mr. Cummings also had one or two salesmen, although he really depended upon me for the selling end of the business. Whether Mr. Archie Burdette had then left E. H. Gay & Company, I do not know, but he came in to see us often. Mr. Rines continued at the old offices at 40 Water Street.

Mr. Cummings had three or four good friends connected with banks and insurance companies, especially Mr. Veillie, who was then president of the First National Bank of Boston. Whether conditions are the same now or not I do not know, but most investment houses then depended largely on two or three big customers. The "chicken feed" business was useful as scenery, but the big profits came from some insurance company, trust company, or large estate. Every one of those investment houses had a pipe-line running to one or more large customers. Whether some official of these insurance companies or banks received any direct rake-off, I do not know. My impression is that the arrangement was wholly a matter of friendship or family relationship. Many investment houses prospered on one large sale a month, and sometimes on one large sale a year. Sales were few but profits were often large.

Little care was given to investigations when the securities were purchased. The houses were primarily interested in buying an entire issue at 90, for instance, which they could sell at par by controlling the price of the entire issue. Therefore, both large and small "entire issues" were in great demand. If a firm could buy an entire issue and thus control its price, they would much rather do it than buy a portion of a large issue and be forced to sell the bonds at market. By buying the entire issue and controlling the price, they could arrange to secure a ten-point spread on all sales, while if they bought and sold bonds at market, they would be limited to a spread of only one per cent or less. It was the purpose of C. S. Cummings & Company to give investors a new deal, and select the best securities irrespective of price and sell them at a small commission of, say, one-half per cent or one per cent. This new deal was all right in theory, but, unfortunately, it would not pay the rent. I was learning both that "there are tricks in all trades" and that there are reasons for using the tricks!

Chapter VIII

PUBLIC UTILITY EXPERIENCES

ONE evening I was invited by my boss, Mr. Charles S. Cummings, to dinner at his hotel near Copley Square. After our orders had been given to the waiter, he turned to me with his whimsical smile and said: "Babby, your theories about hunting up good securities and selling them at market prices may be all right if you are willing to sleep in a hall bedroom for the rest of your life and live on crackers and milk; but, my boy, an investment business with a corps of salesmen cannot be supported along any such altruistic lines. We must buy entire issues, so as to be able to mark up the price and have a good spread upon which we can depend. But, Babby, it's very difficult for a small firm like ours to get these entire issues. Big houses are smarter than we are. Now I have a plan, and that is that we manufacture these securities ourselves."

MANUFACTURING BONDS

Mr. Cummings then explained how our friends in Cleveland, Detroit, and Cincinnati were doing—namely, getting franchises and building street railways themselves *in order to sell the securities.* Often, since, I have thought of that last clause, "in order to sell the securities." Probably four-fifths of the companies that are organized, whether in the transportation, electric power, or industrial field, are organized primarily not to transport passengers or generate power or manufacture goods, but to get securities to sell. I believe this is just as true today as it was in 1902.

When an old established company now desires to put out a new issue, it must fill out elaborate and complicated blanks, giving the history, earnings, and all other details of the company. When, however, a new company is organized to put out securities merely as a speculative venture, there is nothing for it to tell, and hence nothing for the blanks to record. The result is that this restrictive legislation is a handicap to good established corporations which are doing an honest business, and a whitewashing process to new, speculative, and perhaps dishonest promotions. These latter however cannot use the fact that their securities have been "passed" by the Securities and Exchange Commission as an incentive to innocent investors to purchase them.

C. S. Cummings & Company, therefore, started at the ground floor and became *manufacturers* of securities. Our first venture was to build the Bristol County Street Railway, which was to operate between Taunton and Attleboro and vicinity, all within the state of Massachusetts. Street railways in Massachusetts were all the vogue at the time. Insurance companies, banks, and investors were anxious to buy Massachusetts street-railway bonds. Hence the investment banker's job was to organize companies to build street railways so that the demand for these bonds could be filled. No one thought of the needs of the dear public to be transported. Furthermore, I suppose that the same system still prevails in other fields and will continue to prevail.

The first job was to get the franchises. This Mr. Cummings attended to personally, with the aid of a couple of friends who handled the "details." We next went into the market to purchase rails, wire, cars, generators, etc. We knew no more about these things than we did about the Chinese language; yet we were no different from the other investment houses. All were doing the same thing. Furthermore, as human nature has not changed, I surmise that the banking-houses to which we are looking up today are almost as ignorant about their respective fields.

EVADING THE LAWS

It was necessary to "pay in" the stock of a Massachusetts corporation at par, and the law required that bonds could be issued for only fifty per cent of the cost of the road. One reason investors scrambled for bonds of Massachusetts street railways was "because they were issued for only one-half the cost." Upon my inquiring of our celebrated attorneys how we were going to raise the money to build the Bristol County Street Railway, they replied: "Sell the bonds, of course." I replied that under the law we would also have to sell an equal amount of stock. I wondered how we could sell that stock, as I knew investors would not buy street-railway stock. The attorneys, however, assured me that this was their job.

To make a long story short, the company was capitalized for $150,000 "fully-paid" stock and $150,000 in first-mortgage bonds, or a total of $300,000. Then two friends of ours—under the attorneys' directions—formed a construction company, which made a contract to build the street railway for $300,000, payable one-half in bonds and one-half in stock. We had previously ascertained, however, that the street railway could be built for less than $200,000 *cash*. The plan was that the $150,000 bond issue would be sold at 90, and the company would borrow from banks on notes the remainder necessary up to about $200,000. In short, never a penny was "paid in" on that stock, which our two friends finally gave back to us. Of course, the Massachusetts Railroad Commission held dignified hearings, and a well-known engineer named Gilbert Hodges presented detailed plans, specifications, and estimates. The Commission thereupon gave the property an appraisal, *before it was built*, exceeding $300,000.

Readers may say that these were the "good old days" and that such conditions no longer exist. I, however, fully believe that they do continue to exist. With human nature as it is, America's industries can be financed only by some such camouflage. Promoters are not going to risk their time and their money without a gambler's chance of a handsome profit; while investors are not willing to buy the securities without some sort of official whitewashing. The processes will be given new labels and the protective devices will operate under new legislation; but, in my humble opinion, the same basic methods will continue to be used. Surely I could devise no other plan which would both make the promoters willing to take the risk and the investors willing to buy the securities. Furthermore, it is impossible to pick out in advance what projects will be successful and what projects will fail. Safety comes not through wise choosing, but through systematic diversification.

FICTITIOUS BOND OFFERINGS

I personally had the honor of selling this issue of Bristol County Street Railway bonds to N. W. Harris & Company, the most conservative and best-known distributing investment house in the country. I made the sale through Mr. Isaac Sprague at 90 and interest. Later I bought the issue back at 95, as I remember it; then we increased its size and resold it at a profit. Instead of being reckless promoters, we had been too conservative in the size of our first bond issue. Therefore we corrected our "mistake" by retiring this original issue and putting out a larger issue. This experience taught us a new trick. We found that "calling bonds" made a great hit with investors, as they received a quick profit on their purchases. Next time they bought two bonds in the place of the one bond which was called, although the second issue was not so good as the old bonds which were being retired. Finally, the bonds of the Bristol County Street Railway Company were distributed fully among the public, although these poor purchasers ultimately suffered losses. Everyone probably now has one or more of such bonds as a souvenir of those "good old days." As for the Bristol County Street Railway, it never paid and has since been ripped up. We next financed the Lowell & Boston Street Railway Company, which was formed to operate between Woburn, Massachusetts, and Billerica, Massachusetts; and built the Concord & Boston Street Railway, which operated through Belmont and Lincoln; and finally, the Middleborough, Wareham and Buzzard Bay Street Railway Company. In the same way the public scrambled for the bonds of all these companies.

We sold a few municipal bonds for window-dressing. In issuing a bond circuiar, we would start in offering $100,000 U. S. Government 4s, which we had never seen. Then, for good measure, we would offer $50,000 City of Boston's, $50,000 City of Springfield's, and so on. At the end of the list we would have a choice offering of $10,000 Lowell & Boston First Mortgage, Gold, 5% bonds. The bonds last offered on the list were the only ones which we had on hand. This was our own issue which we were manufacturing and selling at a large profit. The bond salesmen were told that they should devote their entire energy to selling these Lowell & Boston bonds. As a matter of fact, we really did not need to tell them this. They had a commission of five per cent on every Lowell & Boston they sold, but a commission of only one-eighth of 1 per cent when they sold any of the good issues on the list. Of course we were able to deliver these governments and municipals, but we were obliged to go out and buy them to fill definite orders. Innocent readers may think this was bad business for a good church member like me; but it then was a universal custom and probably will be so again.

BEWARE OF MUNICIPAL BONDS

Once we did try to be real bankers. We purchased a block of Austin, Texas, municipal bonds. They were issued to build a large dam outside of Austin, to supply the city with water and light. I was "sure" that these were good bonds because one of my relatives, Gorham P. Low, of Gloucester, was the engineer in charge of this famous Austin dam. I therefore sold many of these City of Austin bonds to my friends of Gloucester and vicinity. I even took trips down to Maine, where I sold them like hot cakes to the banks, which were beginning to get a little shy of street-railway securities and wanted "sound municipal bonds." I had just completed a successful sales trip, during which I had loaded up banks with these Austin, Texas, municipal bonds, and was sitting at the breakfast table in a Portland hotel when I looked at the morning paper. It was the *Boston Herald*, and across the top, in big type, were these words: GREAT AUSTIN DAM COLLAPSES.

I took the first train to Boston, and the next day went to Austin, Texas. This was my first trip to the Southwest. Of all the God-forsaken and wretched-appearing politicians that I have ever seen, those were the limit. The City of Austin defaulted on the next interest payment of these bonds. I was not surprised, after getting acquainted with those Texas legislators. If I had ever taken the trouble of going to Texas before purchasing those bonds, we, of course, would never have purchased them. In those days, however, all municipal bonds were supposed to be good bonds, whether issued in Maine, Texas, California, or Minnesota. I was especially disturbed by this episode because I had urged my firm to buy "some good municipals." I was becoming a little chary of the bonds which we were manufacturing, although they were doubtless as good as many being manufactured by the larger and older firms. Therefore, to have the first issue of "good municipals" go sour frankly discouraged me.

HOW BANKERS UNLOAD

This was about the time all the street railways in eastern Massachusetts were brought together under the name of Massachusetts Electric Companies. In an attempt to protect the investing public, the Massachusetts Legislature had already passed laws against the incorporation of holding companies for railroads, street railways, and public utilities. This prevented the issuing and sale of the securities of such holding companies so far as they applied to Massachusetts utilities. The most conservative and aristocratic law firms, however, quickly got around this legislation by forming "trusts." The special trust in question was named "Massachusetts Electric Companies." Instead of a *company* being incorporated, a *trust* was organized, and the swellest blue-bloods of Boston became the trustees of the Massachusetts Electric Companies. Common stock and four-per-cent preferred stock were issued. This latter sold at par and was bought by the most conservative investors because of a non-taxable feature and the names which appeared as trustees.

What shall I say of those days and the things that were put over by the best legal firms, banks, and corporations? The newspapers all joined in the ballyhoo, and we all bought Massachusetts Electric securities. I was too green to realize it at the time, but I now believe that consolidation was made purely to enable the insiders to unload. They saw that these street railways were not earning the money which the bankers hoped they would earn. The bonds had already been loaded on to the public, but the bankers and insiders still held the stocks. They saw the tide turning against them, and they wanted to unload this stock. Hence the Massachusetts Electric Companies was organized, and it went over with a bang, although these securities ultimately became almost valueless. Ever since then I have been fearful of consolidations, even though they are widely ballyhooed and recommended by big bankers, famous attorneys and engineers. When a man has a good proposition, he likes to keep it. He is not consolidating it with somebody else's. Bad eggs, when mixed together, do not make a good omelet. They never have and they never will.

It is easy enough now to say that we should have known better than to have then built street railways and foisted their securities on the good public. But wait a minute! If it had not been for the automobile and motor-bus, these street railway stocks would have become profitable and conservative investments. The street railways of the country would now be doing a wonderful business. If you would just visualize any city today dependent on either electric street cars or horse-drawn vehicles for transportation, you must admit that these cars would be loaded, with people bulging out the windows and sitting on the roofs. Therefore, the whole fault was not with the promoter and banker, but mainly with the chap who perfected the internal combustion engine. He caused all the trouble. Just one more word: The automobile stocks which investors are scrambling to buy today represent no more actual value than was represented by those street-railway stocks in 1902. Some day there will be a new development to eclipse automobiles. Then automobile stocks will fade away just as have street-railway stocks. Let me also add that as soon as I realized the situation I did my best to check it.[1]

BIRTH OF POWER SECURITIES

During all this time electric light and power companies were gradually coming forward. E. H. Gay & Company and other bankers were offering Hudson River Water Power bonds, Huson River Transmission Company bonds, and bonds of other electric companies. Water-power companies seemed to be most popular with investors. Gradually the better investment houses, such as N. W. Harris & Company, shifted from street-railway to electric light and power bonds. If I had not suddenly been taken ill, I probably would have been able to shift C. S. Cummings & Company from the street-railway to the newly-developing light and power utility field. Mr. Archie C. Burnett, however, came into the firm in the fall of 1901 and I dropped out and the firm name was changed. A copy of my letter of dismissal is now very interesting reading. I never returned to the selling of bonds or stocks of any kind; while the firm of Burnett, Cummings & Company some years later went into bankruptcy. Later, the three largest and most respected firms in the city—Kidder, Peabody & Company, Lee, Higginson & Company, and Harris, Forbes & Company—were also forced into liquidation. I did, however, become interested in the E. H. Gay & Company Hudson River properties, but purely as an investor, not as a dealer.

After street-railway securities had their troubles, the light and power companies had their misfortunes also. Developments cost more than was anticipated. The companies were left with debts so large that they could not exist. This was true of these Hudson River properties. Finally a reorganization was formulated by the New England Trust Company of Boston, under the direction of the law firm of Tyler & Young. The active member with whom I functioned was Charles S. Tyler, an interesting and unique man. How much law he ever knew I have often since questioned, although he was the head of one of the leading law firms of Boston. He, however, was a great salesman. I have come to believe that most great lawyers, physicians, surgeons, preachers, and even scientists and statisticians, are "great" because of their salesmanship qualities rather than their real knowledge.

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[1] Readers may be interested in the following quotation from a letter written to me by Mr. C. S. Cummings:

"Your first great battle and eminent success was in the fight concerning the capital structure at the time the Boston & Northern St. Ry. Co. was consolidating the different street railroads north of Boston. As near as I can get at the records of the Department of Public Utilities, as a result of your fight a capital structure reduction was made of about $1,500,000. You must well remember this battle and the employment of the Hon. Nathan Matthews as Counsel in this case."

Seeing that the people who had been sold those Hudson River Water Power securities by E. H. Gay & Company, some years previous, were going to be gypped in the reorganization, I got into the fight to protect them. With the aid of Mr. Frank Day, of R. L. Day & Company, and Mr. William C. Hotchkin, the Edmund Brothers, and a few others, I was able to head off the stealing of these assets. Finally I won my fight and the company was reorganized properly in the interest of the bondholders. The new company was called the Adirondack Light & Power Company. I became one of its directors and, later, vice-president. The president of the company was Elmer J. West, an able and straightforward man. The company was operated honestly and efficiently. Purchasers of Adirondack securities, whether stocks or bonds, made a lot of money. It was a hard struggle, but it was well worth making. I wish now to acknowledge my indebtedness to the many bondholders who backed me therein. It was while I was engaged in this fight that the firm of Burnett, Cummings & Company collapsed. Whatever questions were involved therein, I always counted Mr. Cummings among my friends and held him in high regard.

At that time about all my money was invested in light and power companies, and in the years which followed my profits grew rapidly. Mr. Tyler's partner was Owen D. Young, who went to New York as president of the General Electric Company. Both Mr. Young and his associate, Mr. Anson W. Burchard, were kind to me. We all prospered together. Later, we consolidated our Adirondack properties with the Mohawk properties, which were owned by the General Electric Company. I continued as an active director of that new company. The board of directors were an able group, and we had real directors' meetings. I was an important factor in all negotiations and was largely responsible for the building of the great Sagandoga Dam, at the dedication of which I was asked to make the leading address.

Then came along Floyd S. Carlisle, who controlled the St. Regis Paper Company. He was a hard-working and able promoter, but I believe he had failed to grasp the changing public attitude. We, however, put through another and larger consolidation. This took in the Syracuse Lighting Company, the Utica Gas & Electric Company, the Carlisle companies and certain other smaller properties. We then had a great system, with Albany as a center, extending southward to Poughkeepsie and northward to the Adirondacks through Glens Falls, and westward through Schenectady, Amsterdam, and Utica to Syracuse. Finally, the Niagara Hudson Power Corporation was formed, which swallowed up us as well as the Buffalo, Niagara & Eastern and other companies. From that time on my influence ceased, although I continued as a director of my original company, which became a subsidiary called the New York Power & Light Corporation. After that, the same people secured control of the Consolidated Gas Company of New York. Today this group is manufacturing power at Niagara Falls and "way stations" and delivering it to most of the cities of the State of New York, including New York City itself.

During this growth, my own statistical business had been increasing rapidly. Therefore I retired from active interest in the utility business. I confined myself largely to the work of selling protection, which I will explain in later chapters. It was after my retirement that the large public utility holding companies—such as United Corporation and the American Super-Power Corporation—were formed. I never liked these large holding companies, knowing that they ultimately would arouse public resentment.

The light-and-power business still is fundamentally a sound business when kept within reasonable limits. I, of course, believe in the interconnection of all plants—as the telephone companies are interconnected. But I prefer independent ownership for large operating companies, with each company confining its operations to one state and, so far as practicable keeping its ownership within that state. Although statistics demonstrate that private control could always operate more efficiently than political control, I saw the public ownership handwriting on the wall. My utility friends, however, had become so rich that they would not listen to advice from me. Some day I may go back again into the utility picture, but only when there is an opportunity to render needed service. Today, the same old crowd which were trained to manufacture marketable stocks rather than to serve human needs are partly in control.

Chapter IX

GETTING MARRIED—WHY?

AT THIS point I much prefer to swap information with others than to give it myself alone. The whole problem of sex relations among young people bears tremendously on the health, success, and happiness of every individual. Some questionnaires have been sent out by college professors, but few dependable statistics on the subject are available. I am told, however, that conditions vary greatly in different communities. In some communities the boys behave, but there is an epidemic of indecency among the girls. In another community both the boys and girls will behave with their own sex, but there is more or less promiscuity between the sexes. In other communities the indecency will be among the boys. This was the case in Gloucester during my boyhood days.

ROTTEN CONDITIONS AMONG BOYS

I know that during my school days in Gloucester there were few, if any, improper sex relations between boys and girls, and I assume that the girls behaved themselves. With the boys, however, conditions were wretched. Vulgarity in actions, words, and thoughts was common. I cannot believe that such conditions exist at the present time among boys. As I look back on those days, I am disgusted and ashamed. However, I will not dwell longer on this phase of life at that time.

My parents never mentioned the subject of sex to me from the time I was born until they died. So far as any knowledge which they gave me is concerned, I would assume that there is no such thing as sex—that men and women are physically identical and without sex organs. Once when discussing this with another parent, the reply was that such information comes to one normally and naturally, as it does to the birds, squirrels, and cattle. "These animals need no sex instruction," said this innocent father, "and they get on all right without venereal diseases. They mate properly and raise their young successfully." This may all be true, but these animals are not encouraged in vice by smutty books, magazines, and other sex propaganda. Vice has not been commercialized among the animals. Furthermore, the law of survival of the fittest also helps to take care of the situation in the animal world.

If it were not for the commercializing of immorality, liquor, gambling, etc., it might be well to let nature take its course and for each to learn for himself. With conditions as they are, however, parents and teachers certainly should put children on their guard. I sincerely trust that parents today are giving proper instruction on the subject of sex, so that no such rotten conditions exist now as existed during my boyhood and college days. Of course, if young men go to cheap dance-halls, they are likely to be solicited. There was considerable solicitation at Boston restaurants which we college boys frequented. But here again, if colleges and parents would take the pains to check up on these places and direct young people to properly supervised restaurants and rooming-houses, much of this temptation could be avoided.

RECREATION IN THE 'NINETIES

As a boy I never cared for parties or games, and I had nothing to do with the girls until I reached high school. Then I made some splendid friends among a few girls. For some reason or other I had few boy friends. I was working strenuously both at school and at my outside duties; hence I had no time to play ball and indulge in other daytime sports. My recreation drifted, therefore, to going out evenings with some girl. Of course we had petting parties then as now, but our relations were absolutely aboveboard. I usually went around with only one girl at a time, but shifted (or was shifted, to speak more correctly) about once a year. All these girls subsequently married fine men. When I look back on it, they had good sense in chucking me.

It is a real satisfaction to see that I picked out the brightest ones of my age. After graduation they all became leaders in their respective fields and communities. One of them—Miss Statira McDonald, of Manchester—became the head of one of the largest orthopedic hospitals in this country, and lost her life working for others. Another is still doing splendidly as leader in her community. They were a great bunch of girls. Skating, sliding, and sleigh-riding provided good times in winter; while hayrack rides, swimming, and picnics were the rule in summer. Most of these diversions occurred in the late afternoon or evening. Best of all, they cost nothing! Love in those days was statistically free.

My first real love affair was with the aristocratic daughter of the leading family in the city. She was a beautiful girl and of fine character. I was very fond of her and I think she liked me. She was my partner on the greatest evening of my young life—namely, the Officers' Party at the Gloucester City Hall, when I had been the victorious captain of Company B. This victory enabled us to lead the grand march. It was the first time that I had ever bought flowers for a girl or "hired a hack," as they said in those days. We officers were dressed in uniform; a band played martial music and the decorations were Gloucester's best. The thought of this famous event, moreover, brings to mind an anecdote which I must tell.

The Officers' Party came on the same night as the Christian Endeavor meeting which I had pledged myself regularly to attend. Well, I kept my pledge. The Christian Endeavor meeting I attended in my uniform. After the hack had picked up at her home this young lady, beautifully gowned for the party, it called at the church door and picked me up at the close of the Christian Endeavor meeting. This probably seems foolish to young people today, but in those days we were taught to keep our word. Finally, I proposed to this young lady, and I remember as well as can be where I was when her letter of refusal was delivered to me. I was sitting on a pile of crushed stone, just outside of Norwood, Massachusetts, where I was superintending the building of the state road. She frankly said: "I am sorry, but my family feel that we should separate and have nothing more to do with each other." I never knew what was in the girl's mind. I took her at her word and tried to forget it. Some years later she married a far abler man than I. He is a famous artist, and his mural paintings may be seen on the walls of the State House in Boston.

MY ENGAGEMENT

I began to know Grace Margaret Knight first while I was in grammar school, where for four years we were together; but we did not become well acquainted until I was at the Massachusetts Institute of Technology. She was the daughter of the Reverend Richard Knight, a fearless English preacher, who came to this country as a real pioneer and held pastorates in northern New York State and in Massachusetts. He took a party of emigrants to Kansas during the pre-war period when there was much controversy as to whether Kansas should be a slave or a free state, and lived through all those strenuous days. He was a great man. He finally settled at South Hadley Falls, Massachusetts, where his daughter Grace, who later became my wife was born. She was the youngest of a family of five and was born when her mother was about forty-six years of age. This mother came from northern Vermont, of fine stock. Surely my grandchildren owe much to my wife's ancestors. They were no soft sob sisters.

When Grace was a girl, her father retired and went to South Carolina winters; the summers he spent in Gloucester with Mr. and Mrs. Freeman Putney. Mrs. Putney was Grace's sister, and Grace, on account of the poor condition of the schools in South Carolina, lived with this sister and went to school in Gloucester. After her first year in the Gloucester high school she was in St. Paul, Minnesota, for five years. Mr. and Mrs. Knight went there in 1890 to spend the summer with a married daughter, Mrs. William P. Reid. Here Grace and Camilla Jane—an older sister—went for the summer. Then Camilla obtained a good teaching position in St. Paul. Ill health prevented Mr. Knight from returning to South Carolina that fall, and he died in St. Paul on November 4, 1890. Mrs. Knight and the two daughters remained in St. Paul, taking an apartment by themselves.

Grace graduated from high school in St. Paul and then entered the University of Minnesota. After one year there, she transferred to Mt. Holyoke College, but in order to help her mother decided she would find employment. She thereupon trained for hospital work. It was while she was at the Massachusetts General Hospital and the Lynn Hospital that I became engaged to her.

Her sister Alice, who married Mr. Freeman Putney, superintendent of schools in Gloucester, had a summer home at Dunbarton, New Hampshire. This was a little hill town just outside of Concord. During her college years Grace was invited by her sister, Mrs. Putney, to spend her summers at Dunbarton. It was here that I followed her up and put in some good licks.

I have always had a one-tracked mind, and can work, or pray, or fight, or love; but I cannot mix them up. It seems necessary for me to concentrate on one thing at a time, but when I do concentrate, things move fast. These little week-end trips to New Hampshire enabled me to put in some good work, greatly to the amusement of Grace and her family. As I look back on those days, I find it hard to analyze the actions and reactions of love-making. My friends were getting married, and it seemed the natural thing for me to have a girl and get married. It was a mixture of human nature, sex urge, and true love, without any of these forces predominating. I never had experiences such as I have read about in love stories, but I guess that we were as much in love as most people ever are. At any rate, she has been a good partner for me, has cooperated in all my plans, and has stood for *most* of my nonsense. This is saying a good deal. In short, Grace Knight was the type for me, and I thank the good Lord every day that I bumped into her instead of into some one else. Surely selecting a mate (or being selected) may be rated as life's second greatest gamble; the greatest is the selection of ancestors.

HOW TO HOOK A MAN

Why does a man like a girl? Unfortunately, few statistics are available on this subject. I always liked bright, jolly girls, full of the dickens. The ones whom I went around with in high school were the leaders of their class and of their sports. But somehow or other we never made it. Either they were too brilliant for me or I was too dumb for them. Perhaps it was a case where neither of us wanted competition. Grace Knight was of an entirely different type. She listened while I did the talking. Instead of telling me how wonderful she was, she let me tell her how wonderful I was. She cheered for me instead of expecting me to cheer for her, as did my former girls. I believe she did this unconsciously and not predeterminedly. At any rate, it worked, and I pass the suggestion along to any female readers of this book.

Statistics also show that most old maids are great talkers. It is the quiet, clinging-vine type that attracts the men. Personally, I am glad that this is so. If my wife had been of the same type and temperament as I am, we would have wound up in the divorce court within a few years. No theatrical cast can succeed with more than one star; no ship can safely have more than one captain. It is all right to theorize about partnerships, but I never knew a successful partnership of any kind, in marriage or business, where one was not the leader, *although the other one often performed a most important part.* This was true in my case. My wife has let me do the talking and get the honors, but she has always been the real "works."

We had a rather long engagement, as Grace was very patient. Finally, on March 29, 1900, we were married. We had a quiet wedding at her sister's home at 34 School Street, Gloucester, Massachusetts. My father, as well as my sister and some other relatives, attended the wedding. My mother was ill in bed with a cold. I remember, when going to her room and kissing her good-by, her last words were these: "Roger, all I hope is that you are not jumping from the frying-pan into the fire." My father had a very even temperament, but my poor mother was either away up or away down. When she was feeling well, she was cock of the roost, and of the town also. When, however, she was ill, she thought the world was coming to an end. On my wedding day she was sure it was coming to an end, and she would have felt the same way whomever I had married. Both my father and my mother became very fond of Grace Knight.

OUR HONEYMOON

Being economical, I had asked my father to lend me his stable boy and horse and buggy, to drive Grace and me from the house to the railway station after the wedding. Feeling, however, that some of my young cousins were going to play a joke on us, I had the boy drive us to the West Gloucester station instead of to the Gloucester station. To our great disgust, these young cousins were brighter than we. They had gone to the Gloucester station and boarded the train, and began to shower us with rice, etc., as soon as we entered the train at West Gloucester. One of these cousins was Mr. Robert B. Alling, who later married, and became the father of a wonderful family of children in Detroit. Although he has since passed away, he was a young man of whom we all were proud. With him were his sister Elizabeth, and my sister Alice. They surely gave us a good send-off. Our first married night we spent at the home of George A. Sweetser, on Abbott Road, Wellesley Hills, Massachusetts. The next morning I took the 7.20 A.M. train for my office in Boston. Grace stayed in Wellesley and wrote letters. Our honeymoon consisted of *work*. We boarded here for some time, until we had a home of our own on Seaver Street, Wellesley Hills.

Let me say now that I have been blessed with an economical wife. Once in a while she has a flair for some foolish expenditure on a useless hat or gown, but usually her feet are firmly planted on the earth. Although my parents did not train me in sex control, they certainly trained me well in money control. My father always wanted me to be in business for myself. He used to tell Grace and me that there never was an ancestor on his mother's side who worked for anyone else. Apparently one thing he had against the Babson side was that they permitted themselves to be employed by others. He further often explained to us that, whether one becomes an employer or always remains a wage worker depends primarily on whether or not he saves money. Father said that a man who systematically spends less than he gets, automatically becomes an employer; while a man who spends what he gets, automatically always remains a wage worker. Father insisted it had nothing to do with how much money a person has or the amount of his salary. "Some people with very meager salaries always save a little; while other people with large incomes never save anything," said he.

After boarding for about a year and a half, we rented a small house on Seaver Street, Wellesley Hills. The rent for that house was twenty-two dollars a month. Up to the time that Edith was born, our living expenses, including rent, never exceeded one hundred and fifty dollars a month. This fact, considering that during much of that time I was earning monthly many times this amount, is an indication of my wife's self-control. After my illness—during which she took full care of me—we continued to live even more economically. Our breakfasts used to consist of an apple or other fruit, shredded wheat and milk; our lunches of a good salad and perhaps a simple dessert; and our dinners of plenty of vegetables, with meat once or twice a week. This, furthermore, is practically our menu at the present time. It costs little, and is healthful and appetizing. We had an old furnace in the house, but we were out walking a good deal and did not require much heat. As we went to bed early, our lighting bills were small.

OUR ONLY CHILD

On December 6, 1903, my daughter and only child was born. I named her Edith Low Babson, after my sister who was drowned. Mrs. Babson had a hard time when bringing this child into the world. It is a great joy to me that Edith is so fond of her mother and appreciates what her mother went through preceding her birth. Grace always desired more children, and she thinks that it was a disappointment to my parents that she did not have them. Dr. Gilbert N. Jones, our family physician, strongly urged us, however, not to. He gave as his reason the condition of my wife. To have another child, he said, would kill her.

I feel that the doctor had in mind also the tubercular strain which was in my system. He, with Grace's expert help, had successfully brought me through my own tubercular difficulties. He knew that my own aunt, as well as my grandfather Stearns, had died from tuberculosis. Dr. Jones, therefore, felt that I should at least "go slowly." For this reason, my daughter and her children must especially be on their guard against this scourge. It cannot be warded off by taking medicine, pills, or capsules—only by taking lots of sleep and rest, eating good food, and maintaining the best of habits. Such a program may be hard, but "better let grass grow under your feet than have it grow over your head." I am proud to say that my daughter has had five children—Roger, Camilla Grace, Michael, Judith, and Marlene. Good grandchildren are the best inflation hedge.

BEST HEDGE AGAINST RADICALISM

Whatever may happen to stocks, bonds, and money, there will always be a place for land and people. The land, although owned, it may be, by the state, will be allotted to the most capable workers; while, whatever the social or economic system, those with character, intelligence, and energy will be well off. Children are nature's asset. We are supposed to invest our time, strength, and money in children and other natural resources, rather than in stocks and bonds. We are supposed to have enough children so that we can afford to lose one or more. We should train these children to take care of us in our old age, rather than depend on securities, life insurance, or government pensions. Having considerable property myself, I am not taken seriously when I speak in this way. Nevertheless, I believe in the rugged life.

Let me say that my wife has been a good citizen, of both her town and of the nation. She worked with me in Washington during the war, and has always been interested in promoting the welfare of others. She has continually emphasized that the Business Statistics Organization and it subsidiaries must put first the good of every man, woman, and child in the country. As I shall explain later, she was the original treasurer of the Business Statistics Organization, and did not resign on its twenty-fifth anniversary, nor on her fiftieth birthday, as I did. Incidentally, let me add that it was a great joy to both of us to have so many of our old associates with us on that famous day. Grace is more dignified, and less democratic than I am; she is also calm and patient, while I am nervous and irritable. She has cooperated with me, however, in our gifts to town employes, working people, and others, and will probably get a better seat in heaven than I shall. I may have done these things for business reasons, but she is no such hypocrite.

FAMILY CHARACTERISTICS

I think Grace may have more family loyalty than I have. My family have always gone on the principle, "Let each take care of himself and the devil take the hindmost." Mrs. Babson has never felt this way and we are fortunate to have with us a few members of her family in our various interests. I can say, however, that no nepotism has yet taken root. Let us hope it never will; for many a successful business has been ruined by relatives.

Mrs. Babson has never taken things for herself. She has bought almost no jewelry during her married life and does not care for such things. I doubt whether a gold pencil, or a morocco notebook, or an ornate pen, or a fancy briefcase, or an expensive bracelet, or even breastpins, can be found among her possessions. As for me, all I want is a stub wooden pencil in each pocket, a flat jackknife, and some scraps of paper.

Mrs. Babson has never used liquor or tobacco or profanity; although my daughter Edith, when questioned by a neighbor as to the latter point, replied, "Mother doesn't want to!" Innumerable side-splitting stories have been told in our home, but they have never been vulgar stories. We both drive our own cars, and we have never had more than one servant living in the house at a time. This one servant has been very efficient, and for many years has been a Japanese boy. We have had, in fact, two Japanese boys, one succeeding the other. In recent years, owing to our large amount of entertaining, a woman has come in by the day and done the so-called second work. Both Mrs. Babson and I are happier, however, to be by ourselves. Besides, taking care of oneself is another good hedge against radicalism. Theoretically, we both believe in industrial democracy, but feel that it must come slowly if it is to do any permanent good.

WINSLOW L. WEBBER

I cannot close this chapter without telling how I met Winslow L. Webber. As I explained in a previous chapter, one of my first employers was Winslow L. Webber, Sr., city engineer of Gloucester. This was preliminary to his getting me the position on the Gloucester-Magnolia state highway, in 1895. I did not see Mr. Webber again until 1906. At this later date Grace and I had a summer cottage at Riverview, Gloucester. City Engineer Webber also had a cottage there which he called "At Last." I remember that he then had a small boy about seven years of age (born in Gloucester, November 2, 1898) named "Junior." The family, however, dropped entirely out of my mind until one day in 1915 at my father's home at 8 Angle Street, just after my return from a South American trip. A tall, lanky lad then came up on the piazza and introduced himself as "Win" Webber, and said: "Just before my father died a short time ago, he told me that he was Roger Babson's first real employer, and that when I wanted a job to go to Roger Babson. Hence I am here." I liked the looks of the lad, and replied by suggesting that he work on the grounds at my Annisquam summer cottage.

Having always been interested in young people and especially in getting them started in the right line of work, I held for several summers vocational classes at Gloucester. These took place one afternoon each week for eight weeks. Each week we would visit some one factory, bank, store, or other kind of business. It gave the boys both a knowledge of different kinds of work and contacts which later became valuable. Every community every summer should have these vocational classes. I was still carrying on the vocational trips in the summer of 1914. One in particular that I recall was when we took the trolley cars and went for a visit to the Rockport Granite Company's quarries. "Win" was on this trip. Later, shortly after he went to work at Annisquam, "Win" Webber came to *Babson's Reports* to train for a salesman. He first worked in our Boston office on Congress Street. Then he had charge of our sales office in St. Louis. Although successful in this work, he felt he should have more business training and asked for a year's leave of absence to take the course at the Babson Institute, from which he was graduated in 1922. After his training at the Babson Institute, he was transferred to Minneapolis, to have charge of our sales office there. "Win" Webber was working in Minneapolis when he came East to marry Edith on December 8, 1923. After this, they both returned to Minneapolis and went to housekeeping. Later, they went to Florida and started there our educational center at Babson Park, Florida, which Mrs. Babson had so much at heart and named in honor of her granddaughter, Camilla. After four years in Florida, they returned to Wellesley Hills to live.

We never knew the reasons for their troubles causing the separation in 1943. Later Edith married a splendid Wellesley man, a widower, named Lewis W. Mustard, Jr., who had three good children. "Win" Webber has since married a good Cape Cod girl, Dorothea Hopkins. Marlene is the child of my daughter and Mr. Mustard who has been devoted to all of my grandchildren as well as to Edith. Perhaps the answer to the above affair is explained only by Newton's Law of Action and Reaction. Winslow and Dorothea have a daughter named Suzanne Joy born December 25, 1948.

Chapter X

SICKNESS AND TRAGEDY

IF I can criticize my parents and teachers for anything, it is for their failure to teach me the elementary principles of hygienic living. They did *make* me visit the "outhouse" after breakfast each morning—rain or snow! They never told me anything, however, about diet, fresh air, or the importance of sunshine. The care of teeth or health was seldom mentioned. I went to the doctor only when I was convulsed with pain, and to the dentist only when I had a toothache. It was my wife who first told me that I should sleep, even in winter, with windows open at night.

After quitting my farm work, I was not getting much exercise. The summer work, as engineer for a new highway, gave me fresh air and sunshine, but little exercise. My work at M. I. T. had been strenuous; in fact, during both spring and fall I was carrying on two jobs (school and highway work) at the same time. Then came my marriage and three or more years of office work. I was ambitious and rapidly drew on my reserve strength. My good wife noticed that I was losing weight and looking pale, but I paid no attention to her. I drove right on in a pig-headed manner.

HOW T. B. STARTS

In the fall of 1901 I came down with a cold which hung on for some time. Now there is only one way to "cure" a cold. The way is to check it at the very start and not get any more cold. To neglect a cold is foolish. Like a fire, it should be stopped at the first symptom. I then had not learned that. I needed to go to Buffalo, New York, in connection with some securities of the Niagara Falls Power Company. I should have gone to bed instead; but I went to Buffalo. From Buffalo I went to Niagara Falls in the early morning on a closed street car; but apparently open cars had been put on for the afternoon. While on that open street car, returning to Buffalo, I had a chill. Upon reaching Buffalo, I went to bed in my little hotel, but continued to get up and dress to go out to meals.

The restaurant at which I ate was run by Mr. E. M. Statler, who later built his first hotel in Buffalo and finally his very successful chain. Mr. Statler was exceedingly kind to me and we then formed a friendship which extended throughout his life. He was a wonderful man, modest, upright, and progressive. He revolutionized the hotel business of America. Finally, Mr. Statler insisted that I go back home, which I did. My good wife put me to bed and sent for the doctor.

Instead of telling you the rest of this part of my story myself, I will quote from an article by Mary B. Mullett, published in the *American Magazine* of February, 1920.

WHAT OTHERS SAY

One day, back in 1902, a young man was sitting in the bedroom of a little house in Wellesley Hills, a suburb of Boston. Although it was February, the windows were wide open and the young man and his wife were bundled in blankets and wraps to protect them from the cold.

For weeks he had lived in that room, most of the time in bed, fighting a desperate illness. Over and over he had asked his wife and the physician what was really the matter with him; and always they had put him off with the statement that a cold, which he had contracted the previous autumn, had "settled on his lungs." But both of them had realized that the time would come when the sick man would insist on knowing the truth. It came that day in February.

"What is the matter with me?" he demanded for the hundredth time; and added, "I'm not going to be kept in ignorance any longer."

That time he got the truth. As gently as possible he was told that he had tuberculosis; not incipient, not a mere threat of the disease, but a fully developed case, which already had seriously affected one lung and had attacked the other.

To most men it would have seemed like a sentence of death, or, at best, the giving up of any hope of an active, useful, and successful career. But to this young man it meant only one thing—a recognized enemy to be fought and overcome. Instead of being stunned by the blow, his eyes lighted up with something almost like relief, and his emaciated face took on lines of grim purpose.

"All right!" he said. "Now that I know what's the matter with me, I can go to work to cure it!"

That young man was Roger W. Babson, known throughout the country today as a business statistician, the head of a large and unique organization, a virile and striking personality. The story of his progress from that sick bed in a little rented house, to health, position, and prosperity, is a truly remarkable one.

Having found out what was the matter with him, he went to work to cure it, just as he said he would. The doctor's orders were followed to the letter—open air, complete rest, plenty of nourishment—he made it his sole business, for the time being, to get those essentials.

A little later, on the advice of his physician, he and his wife went West. Because he was determined to live, and backed up his determination with a scientific, methodical, confident pursuit of health, he did live.

Merely to continue to live, however, was not enough for him. Although he was "shy a lung" there was nothing the matter with his brain. An idle body did not mean an idle mind. To Roger Babson, anything except an active and useful career was unthinkable. With him, living meant working.

He had been born in Gloucester, Massachusetts, the son of a merchant in that town; and from his earliest boyhood he had worked because he liked it.

"I don't think I ever played a game of ball in my life," he told me one evening, as we sat in the study of the house he has built overlooking the beautiful country around Wellesley. "Even as a youngster, I liked work. It interested me. In summer, when the other boys were playing, I used to take a horse and wagon and sell vegetables from house to house.

"Work is exactly what we make it by the way we think about it. Any boy, for example, likes to drive around with a horse and wagon. But the pleasure I got out of it was doubled because I did it with a purpose. I was accomplishing something. And when all is said and done, that is the one great satisfaction in life—to accomplish things.

"Thanks to my father, I early learned to enjoy business. It is a great pity that more fathers do not interest their boys in business by discussing it with them. A boy's mind is intensely active, and a father can exert a wonderful influence for good by giving that eager, alert intelligence something real to busy itself with. Many of the things which I now recognize as fundamental business principles I can go back and find expressed by my father in those early talks."

As the boy grew older he studied civil engineering at the Massachusetts Institute of Technology. He never made use of that training by doing actual surveying work. Nevertheless, it secured for him his first position, for because of it he was employed by a Boston banker to examine the properties of public utility companies whose securities the banker handled.

It was while he was engaged in one of these investigations that he contracted the cold which developed into tuberculosis and apparently put him out of the business running. At twenty-five, invalided out West, he faced two necessities, the necessity of supporting himself and his wife, and also the necessity of finding some new way of doing it.

He was told that, if he was to live at all, he must live absolutely in the open air. This meant that he could not go back to his old position in the city. He was told that for a long time he must not do anything requiring physical exertion. Yet "work in the open air" almost inevitably meant physical exertion. He was told that he never again could live in the East. Yet the East was where he wanted to live, not only because his friends and family were there, but also because the work which interested him and in which he had experience was at that time largely confined to the East.

It looked as if the problem could not be solved. But you cannot stop Babson from doing anything by telling him that it can't be done. You can neither scare him out of it nor laugh him out of it. People have tried both, and he has gone right ahead, doing what he set out to do.

For example, when the doctors told him that he must live in the fresh air, and that the West was the only place that this could be done, he thought the matter over and decided that there was just as much fresh air on the Atlantic coast as on the Pacific, and that the reason people went to a mild climate to get rid of tuberculosis was because they were not willing to endure the discomfort of living out-of-doors in a cold climate. But cold did not frighten him And the East was where he wanted to live. So he determined to get his fresh air where he wanted to get it.

Having come to that decision, he and his wife went back to the little house in

Wellesley Hills. But on arriving there they were surprised and somewhat incensed to find that, although their lease had two years yet to run, their goods had been stored in one or two rooms and new tenants were about to move in. Naturally they demanded an explanation from the landlord, Mr. Lyman K. Putney. They got it! But it was not exactly an enlivening one.

"Why, you see . . . ," stammered the gentleman in question, "they told me you were as good as dead! Anyway, you never could come back here. So I thought I might as well get a new tenant."

Well, the new tenants did not move in! But the Babsons did. They put their little twenty-two-dollars-a-month house in order, and the man who was "as good as dead" went on with his fight to live. He still had to spend most of his time in bed, but the windows were always wide open, no matter how cold it was. And sometimes the mercury went down into the sub-basement of the thermometer, around fifteen degrees below zero.

Slowly the invalid gained strength; but it was a long and tedious process. Meanwhile the work problem seemed as difficult of solution as ever. Lying there practically helpless, fed with milk and eggs every few hours, read aloud to by his wife—to whom he gives the credit for his recovery—Babson had plenty of time to think Finally his thinking bore fruit in a definite plan.

There is no story of human experience so well worth telling as the story of how a real man, or a real woman, has plucked victory out of defeat. There is nothing that can put courage and hope and confidence into our own lives so completely, as the discovery that these stories lie all around us. In each one the circumstances are different; but there is always the same light of courage, the same fire of an indomitable spirit, the same spark struck by an iron will hammering upon some granite obstacle. These things bring an answering glow into our own hearts.

Just because his body was incapacitated, Babson did not see any reason for letting his brain be idle. So he used to look over the monthly reports of railways and other companies. He knew that if he were a well man, back at his job with the bankers, he would be analyzing and tabulating those reports in detail. In fact, he knew that other clerks were even then doing that very thing, each for his own particular institution. It occurred to him that here was a duplication of effort which was very expensive.

Why not have that analysis made by one man, instead of by many? Why could not he be the one man to do it? He could receive reports, analyze them, tabulate them, and send them to several bankers, thus dividing the expense among them. He could do it in his open-air-bedroom just as satisfactorily as at a desk in Boston.

With this vision of a service which he could perform, he immediately sent out letters explaining his scheme. The result was that eight banking-houses agreed to pay him $12.50 a month each to do the work for them. On this income of $100 a month he could realize his determination to be self-supporting; and he would have the satisfaction of being once more an active and useful member of society instead of a helpless parasite.

He engaged a girl stenographer at six dollars a week; and in that sick-room the man who was "as good as dead" started what has become one of the famous business services of the country. Incidentally, it may be mentioned that the young stenographer stayed with the Babson Organization until she received an annual salary that ran into five figures.

Gradually, from that small beginning, the business grew. First, a high-school boy was hired for a few afternoons a week. By the time he graduated, a full-time position was ready for him Soon another house was rented and used for offices. Then they were moved to a business block in Wellesley.

The vision of the man behind the work broadened as the business and his strength increased. At first he merely "collected and sold" business statistics. Then his original service to the eight bankers grew into a "Composite Circular of Bond Offerings." He found that there were thousands of unlisted bond issues not quoted in financial reports. One seller, or one buyer, had no way of knowing what the other sellers were asking, or what other buyers were paying. The result was that some buyers paid as much as ten points more than others were paying at the same time for the same bonds.

When Babson announced that he was going to list these thousands of bonds, with the names of the owners who wanted to sell, and of persons wishing to buy, together with the prices at which sales were made, people laughed at him, and said it couldn't be done.

But that didn't bother him. He just went ahead and did it! And he did not stop with doing that; he next developed the "Babson Stock and Bond Descriptions," a service which revolutionized the old systems for supplying information relative to corporations.

Not a bad record for a man who was "as good as dead," is it? And he not only had to overcome ill health, but at every step of the way there were plenty of onlookers who predicted that the next step he proposed was one of those things that could not be done.

For instance, when the business had grown so that new quarters were again necessary, and he announced that he was going to put up a building in Wellesley Hills to house it, people laughed at him once more. What! Attempt to establish a clearing-house of financial information outside of the city, in a suburban village! Why, it was rank folly to attempt such a thing. But—Babson did it.

He put up a four-story brick building that he thought would take care of his activities for years to come. But the process of overflow went right on. First one house, then another, was commandeered. Every summer Mr. Babson turned the first sod preparatory to the erection of another and larger building.

His own office had windows on three sides and they were open the year around. When his secretary worked there in winter, she wore a huge cloak with a hood. As she was obliged to encase her hands in mittens, she did her typewriting by striking the keys with rubber hammers. Babson himself wore a specially-designed coat, with an electrically heated pad in the back.

You would not dream, if you saw him, that he had been forced to fight his way to health. He is clear-skinned, clear-eyed, strong-voiced; the embodiment of energy, physical and mental.

Years of open-air living have given him a perfect passion for the great outdoors. He has bought sixty acres of land at Wellesley Hills and built a house whose windows open into a stretch of fresh air that reaches to Mount Wachusett, forty miles away. Most of his time is spent working on this place, cleaning underbrush, packing apples, cultivating his garden.

The upper porch, where he sleeps winter and summer, was built to his special order. He found that when beds are in the open all through a winter day they afford a chilly welcome at night. So he had one end of the porch enclosed to form what he calls the heated garage. The beds stay in this warm haven during the day. At night the folding doors are opened, the bed rolled out, and it is warm and comfortable, no matter if the mercury has gone down to the sub-basement of the thermometer.

Mr. Babson not only lives and works, but gets an immense enjoyment out of both. He is keenly interested in religion, in education, and in business. Perhaps life and its opportunities mean more to him because he came so near to losing them. He loves a fight, although without any personal animosity. A hard-won victory is always better than one that comes easily. And we prize what we earn far more than what is given us. Roger Babson's story is just one more proof that a man can earn almost any victory if he works hard enough to gain it. The thing he said that day in February, 1902, is the key to the whole matter:

"All right! Now that I know what is the matter with me, I *can go to work to cure it!*"

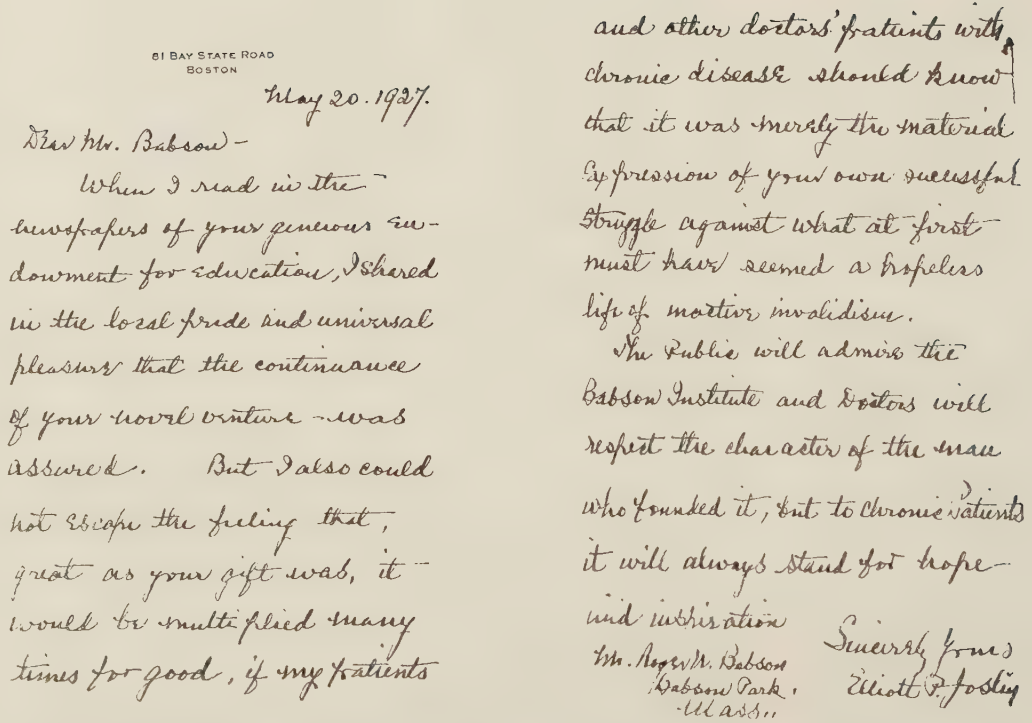
THE WHOLE TRUTH

In fairness to the landlord of the above story, it should be said that he was so delighted with the fight which Mrs. Babson and I had put up, that he built a new house for us adjoining this one in which I had been sick. Moreover, he charged me only twenty-five dollars a month for the new house. These two houses are still on Seaver Street, Wellesley Hills, Massachusetts. Both houses mean much to me. The first *Babson's Reports* ever published was dictated to Miss Bessie Parker under an apple tree between these two houses. They stand as testimonials to the importance of fighting both to save one's soul and to arouse public interest.

After being able to sit up, I got out into the yard. Finally, I began to take walks. Although Wellesley was higher in altitude than any other suburb of Boston, the doctor recommended that I go West. I first went to Colorado, New Mexico, Arizona, and California; but there I saw too many sick people. I did, however, become fond of Arizona and New Mexico, where I purchased an interest in a large tract of land. There was too much coughing and spitting at all the resorts which I visited. Besides, these people sent out there to get well were not fighting as I had fought, but were remaining indoors playing cards, smoking incessantly, and even drinking. Hence I decided to quit these Western health resorts.

REAL RANCH LIFE

Remembering that my Uncle Gustavus had invited us to visit him at Seward, Nebraska, we decided to stop there as we returned East. There was a "rugged individualist"! Our train did not get into Seward until about 1 A.M. Then at 5.30 A.M.—in the pitch darkness—he came up to our room, lighted the gas, and called, "Time to get up!" He was a great man; eccentric, but a hard worker



81 BAY STATE ROAD
BOSTON

May 20. 1927.

Dear Mr. Babson –

When I read in the newspapers of your generous endowment for education, I shared in the local pride and universal pleasure that the continuance of your novel venture – was assured. But I also could not escape the feeling that, great as your gift was, it would be multiplied many times for good, if my patients and other doctors' patients with chronic disease should know that it was merely the material expression of your own successful struggle against what at first must have seemed a hopeless life of motive invalidism.

The Public will admire the Babson Institute and Doctors will respect the character of the man who founded it, but to chronic patients it will always stand for hope and inspiration

Sincerely yours
Elliott P. Joslin

Mr. Roger W. Babson
Babson Park,
Mass.,

Copy of letter written by Dr. Elliott P. Joslin, one of Boston's most famous physicians.

and very kind. We stayed there a month or more. He had a pony which I rode. He also took me in his buggy to visit the adjoining towns. He was in the farm-implement business. He formed the Seward Electric Light Company and organized most of the civic affairs. The first automobile ride I ever had was in a "Stanley steamer" which he later bought.

I shall never forget an experience which I had in the local barber shop at Seward. The barber asked me whom I was visiting. I replied: "Mr. Gustavus Babson, who is my father's own brother." I then explained that Mr. Gustavus Babson was born and raised on a farm in Gloucester, Massachusetts, from which I came. The barber's face then lighted up and he said: "That accounts for what Gus Babson said to me the first time I ever shaved him. I stopped to sharpen my razor on a strop. Said Gus Babson to me: 'Young man, when I was a boy, I worked for my father in the hay-fields at Gloucester, Massachusetts. Now get this:—Whenever I stopped to sharpen my scythe, my father would call out, asking if I was getting tired.' But, say, boy—that Gus Babson is a hustler."

While at Seward I became acquainted with the Langworthy family. The old man Langworthy was another rugged individualist. He owned the first and leading bank in Seward. He started out, of course, with open fireplaces and could never get used to steam heat. Hence, when he spit—and it was often, as he was a tobacco-chewer—he would always spit behind the radiator! He thought that the radiator must take the place of the fireplace in *every way*. But he was a great old scout and his wife was a lovely lady. He had several sons. One of these, Fred Bennett Langworthy, had a large ranch in Sioux County, Nebraska. This ranch was ten miles south-east of Harrison, Nebraska, which was the post-office. He had a splendid wife and five boys. I stayed at this ranch for awhile.

If space permitted, I should like to tell of my experiences on that ranch. I was assigned to the duties of "midwife" for several hundred sick cows which were having calves. The cows had some form of fever which was usually fatal. Hence, the main job was to keep the cows alive until they calved. Then we would let the old cow die, but save the calf. My task was to pull the calves out of the poor cows. They had not strength to complete the delivery. I would then cut the cord, tie it, and hunt for another patient! That Langworthy family surely had a hard life. No "forty-hour week" for them! They worked from 4 A.M. till dark every day. Ever since then I have been anxious to help the ranchmen and farmers.

BEING KICKED UPSTAIRS

Serving as midwife, however, on the plains of Nebraska started me back to health. I decided to return to Wellesley and try the plan to which Miss Mullett refers in the above story. The details I will explain in Chapter XII, which follows; but let me say here that this sickness was of untold value to me. It taught me how to take care of my body. Although I have slipped two or three times since, yet I then learned lessons which I have never forgotten. Furthermore, from then on I did not work so hard, or, rather, I did not work in the city. Mrs. Babson and I bought a cottage at Annisquam, a part of Gloucester, Massachusetts, and spent our summers there. Later, I began to go South winters. Whatever the time of year, I was determined to spend my days in the sunshine and fresh air.

As I never liked golf, and as tennis was too strenuous, I had a little vegetable garden at Annisquam. I soon found, however, that I could make more money by writing about the garden than by selling the vegetables. This was the reason for my series of articles in the *Garden Magazine* on "Back-yard Gardens." These articles had quite a vogue. People came to Annisquam from all over the country to see my famous "Back-yard Garden." Mrs. Babson helped by keeping an accurate statistical record of every penny spent and the amount and market value of the products. Later, I tried to raise hens and sell articles showing the "money in hens," but my New England conscience would not let me do so. Nevertheless, I know "there is money in hens," because I myself have put it in them!

Of course, there is no one royal road to health any more than to wealth. Every person probably needs different treatment. Certainly every person needs to live a well-balanced life, to avoid getting "hipped" on any one thing and to avoid neglecting any one thing. Some get sick by *not* doing; others get sick by *overdoing*. Few get sick who live normally—that is, who obey the Ten Commandments, *especially the last one*. The only medicine which doctors gave me was "creosotal," and even this may have done me no good. *Rest*, fresh air, and good food restored me to health, and they will do the same for anyone. My experiences taught me five fundamentals.

MY RULES OF HEALTH

I have had many letters since my recovery, asking for these five rules of health. Not being a physician, I have respectfully refrained from complying with such requests. Here, however, you will find these five rules:

1. Avoid worry by getting a lot of sleep. Go to bed early and never allow yourself to think of anything after hitting the pillow. If possible, rest for an hour after lunch or before dinner at night.

2. Insist upon fresh, moving air *both night and day*. The air we breathe is as important as the food we eat. Breathe deeply and make a business of "eating air."

3. Keep clean inside and out. This is possible by not over-loading your

stomach and by drinking much water and eating lots of green vegetables and fruits. Every normal person should have three bowel movements a day. Wash your hands *always* before touching food and wipe them on a fresh paper towel.

4. Exercise by walking and by sports. Practice abdominal and stretching exercises every morning before dressing. These exercises can strengthen the tissues and muscles of your internal organs so that you may not need a surgical operation.

5. Eat a balanced diet and chew your food. Eat little or no meat, acids, eggs, and *sweets* or *salad dressing*. Watch your weight and regulate your starch accordingly. Of course, cut out liquor and smoking. Personally, I do not even use tea or coffee, although this is no reason why others should not do so if their physician approves.

It is said that the workman on one of my buildings asked his foreman: "What's this story about Mr. Babson's having been sick once?"

"That is right," the foreman replied; "he was sick unto death, but he got all well. Why do you ask? Has he been through here?"

"Has he been through!" exclaimed the workman, solemnly. "I'll say he's been through—like a bat out of hell!"

I apologize to readers for including this story of my illness. I have accomplished no more than thousands of others who had far more handicaps. My only reason for this chapter is because it may serve as an encouragement to others. I further would like to add that work, profit, pleasure, pain, loss, sickness, recovery, and health all have their uses. Success and happiness consist in blending them all together in *Life*. Remember—only one or two things are really important.

Chapter XI

MY BANKING BUG

ONE thing was definite—namely, that I was now through with manufacturing or selling securities. I wanted to cut loose altogether from entangling alliances and devote myself to protecting the investor. It was evident that the best talent in the country then combined to manufacture and distribute securities. They had the help of engineers, attorneys, engravers, advertising experts and the entire press, with one possible exception—namely, the *Saturday Evening Post.* All combined, they could not line up George Horace Lorimer to take financial advertising. The purchaser of securities, unless he happened to represent a large bank or insurance company, was absolutely helpless. He had no chance at all. The cards were marked and stacked against him.

I did not at once have the courage to stake everything on my new venture, namely, *Babson's Reports.* As a hedge, therefore, I began to acquire a small banking interest. Money which I had saved since graduating from the Massachusetts Institute of Technology I had used partly to purchase bank stocks. The banks seemed at least a halfway house between the old investment game and the new investment advisory program which I was inaugurating. Besides, I had not forgotten my father's remark that "interest works twenty-four hours a day, Sundays and holidays included." I bought a little stock in two or three Boston banks, and then began to buy into the Gloucester Safe Deposit & Trust Company, which was a bank in which my father was interested.

CHAIN BANKING

On September 7, 1909, I was elected a director in the Gloucester Safe Deposit & Trust Company, and on January 18, 1910, I was elected vice-president. I served in this capacity until January 20, 1914. On September 2 of that year, I sold all my interest therein. During these years I acquired an interest in the Rockport National Bank, of Rockport, Massachusetts, and also formed the Manchester Trust Company, of Manchester, Massachusetts. At one time I had in mind controlling a small chain of banks north of Boston, using the Shawmut National Bank as the base of operations. I even had a desk at the National Shawmut Bank, where I spent one day each week. Although I had my personal account at a small bank known as the Beacon Trust Company, I wish to acknowledge my in debtedness to the National Shawmut Bank of those days for their cooperation in this dream.

Later, this same group plan was adopted, by men connected with the First National Bank of Boston, in the formation of the Old Colony Associates, with this difference: My plan was purely a banking proposition, connected in no way with the vending of securities. It even included a plan to aid depositors without compensation when, as, and if they desired to purchase stocks or bonds. In the plan of the Old Colony Associates, the vending of securities was an important factor. Incidentally, let me say that shortly after the Old Colony Associates was formed, I immediately sold, at the top price of around fifty dollars a share, my holdings, which I had taken to please certain friends. I knew that oil and water could not be mixed. After the vending feature was given up, the stock dropped to under ten dollars a share, at which price I then began to accumulate it.

WHY BANKS FAIL

I soon began to learn that "all that glitters is not gold." I had often wondered why men were anxious to be bank directors and were willing to give so much of their time without pay. I quickly learned the answer. The old system of conducting a bank was similar to the idea later adopted by Rotary clubs. This plan was to have one man, and only one man, representing an industry. For instance, these banks would have one lawyer, one doctor, one real estate agent, one builder, one merchant, etc. The theory was that these men would be informed on their respective lines of work, and thus protect the bank on investments in their respective fields. This was all right in theory, but the pipe line worked too often in the other direction.

Bank directors are strongly tempted to use the bank to bolster their own business rather than to use their knowledge to protect the bank. There was no dishonesty or graft, but it soon became evident that too many directors *unconsciously* feather their own nests at the expense of the bank. This first became evident to me while with the Rockport National Bank. As a protection, I arranged with a courageous, hard-headed farmer named Ernest N. Curtis to take charge of this institution. I had rather have Mr. Curtis himself tell of his experiences. The net result of it all was that we sold out our interest in the Rockport National Bank. We found it too difficult "to teach old dogs new tricks."

DIRECTORS OFTEN ORNAMENTS

I had better luck with the Manchester Trust Company. This was a new bank with a fine board of directors. The difficulty with Manchester was that it was a rich community and few wanted to borrow any money. Hence we were compelled to buy stocks and bonds with our funds. This was a mistake. A bank which has no local demand for its funds has no excuse for existing. In such a case the community should be satisfied with a branch of some strong institution located in a near-by city. Then, however, I was green in the banking business. We all learn only by experience. We certainly started the Manchester Trust Company in the right way and in the right building. We organized it on March 6, 1911, in the chapel of the Congregational church, at Manchester, Massachusetts! We had a very able man—the leading contractor of the town—as president. I was elected a director and vice-president. I continued to hold these offices without interruption until June 1, 1925, when, to quote an official letter on the subject, "At a regular meeting of the board of directors Mr. Roger W. Babson's resignation was accepted with regret." My resignation was accepted all right, but I am not so sure of the "regret" feature! Bank directors are good men. It is a pleasure to meet them and gossip about affairs. As for operating a bank, they usually are unfitted for the task, being interested chiefly in getting a small fee and some news to take home.

Some time before that I had given up all ideas of a chain of banks and had sold most of my bank stocks at a good profit. Later, as a community service, I helped Charles N. Taylor organize the Wellesley National Bank. Still later I took an interest with Robert L. Studley in the formation of the Wellesley Trust Company. I also became a director and a vice-president of the Newton-Waltham Bank and Trust Company. Today, however, I hold no bank stocks at all, except a few shares in this Newton bank, which is most ably operated by its experienced president, Frank L. Richardson. In 1947 I resigned from this bank and am happy that Theodore Putney has been elected in my place. He is Mrs. Babson's nephew and an able investment expert.

GOOD BANKING

Banks perform a useful function, and much money has been made in bank stocks. I believe that there will be more opportunities to make money in bank stocks. The banking business, however, is no business for amateurs. A bank starts out by "borrowing money" from its depositors—the greater the deposits, the more the bank owes. Deposits are not an asset, but rather a liability. To be safe, a bank should have a large number of small depositors and a large number of small local loans. It should be operated like an insurance company, based upon the law of averages. Banks so operated have weathered every storm and been money-makers. The great temptation, however, is to have a few large loans with intimate friends, or else to buy stocks and bonds about which little is known.

A bank should diversify among a large number of industries and not tie itself up mainly with some one industry, like the fishing industry, or the shoe industry, or the farming industry. Bank directors should quit being mere rubber stamps. They should hold the controlling stock interest of the bank and take their jobs more seriously: Politicians think that they can correct these evils by legislation, but they have even more to learn than I had. So long as human nature remains as it is, the banking problem will be a continuously troublesome problem;—the same as the labor problem, the liquor problem, and other basic problems.

WHY NOAH BUILT THE ARK

Sometimes I am inclined to believe in one-man banks where some one man has his entire fortune in the stock of the bank, a man who has no other outside interests. I well remember such an instance of my younger days, where the old man, as they called him, would come down to the bank about nine o'clock, read the newspaper, poke the fire, and think. He stayed until about noontime, and then went home for good. He knew nothing about modern banking, and was looked upon as an old fogy. He, however, originally bought the stock of that bank at one hundred dollars a share and, while he was poking that fire (the banking-room had an open-grate fire), the stock rose to several hundred dollars a share, where it was selling at the time of his death. After his death a new group bought control and introduced every contrivance for systematic and modern banking. Records will show that from the day of the old man's funeral the stock began to decline and finally went nearly out of sight during the financial panic of 1932. The fact is that while this man was "poking the fire" he was doing a lot of thinking. Furthermore, he had the courage to say "yes" or "no"—in fact, this was about all he did say during the course of the day.

Good banking depends not on handsome buildings, modern equipment, or even large deposits. Certainly a "distinguished" board of directors is not of much value. The basis of successful banking is those intangible characteristics of integrity, courage, and judgment. If the man in charge of a bank has these characteristics, the bank will weather any storm and its stock will be a profitable investment. Otherwise, it is sailing near the rocks. During a revival campaign in Gloucester, I remember D. L. Moody preaching a sermon on Noah. He began by saying that if God had left the building of the ark to a committee, it never would have been completed on time so that part of the race would have become extinct. "Instead," continued Evangelist Moody, "God left the building of the ark to one man named Noah, and held him responsible. Consequently, it was completed on time and the people were saved." In a general way this applies to most boards of directors, whether of banks or of other corporations.

HOW I WAS AGAIN FIRED

In order not to leave the wrong impression, I should frankly explain that I was fired off the board of the Gloucester Safe Deposit & Trust Company. My cold-blooded father even voted with the other directors in performing this capital punishment. The story is interesting as showing how things have changed since 1914. I always felt that the bank was lending too much to the fishing industry, and especially to one firm. This firm, however, was so well represented, directly and indirectly, on the board of directors, that it was difficult for us to get it to reduce its loans. I personallly organized a movement to correct this situation, but was unsuccessful. Later my efforts were vindicated, because the firm, and most of the other fishing firms, finally were liquidated or reorganized. The bank thereby lost money. Every industry, as well as every family, seems to go "from shirt sleeves to shirt sleeves" in about three generations. The business cycle applies to communities and industries as well as to the stock market. The wheel is continually turning. Some few have the self-control to get on the wheel at the bottom and get off at the top; but the vast majority, including most banks, get on at the top and off at the bottom.

As a result of my constant complaining, I became unpopular with the fishing industry, and especially with those connected with this special firm. These fishing interests, therefore, naturally were watching for me to stub my toe, which opportunity they could use to eliminate me from the picture. This opportunity came when I delivered an address one Saturday noon before the Twentieth Century Club, of Boston. The subject assigned to me was "Taxation." I forecasted the inheritance taxes, income taxes, and various other forms of taxes, which later followed. Reporters connected with the Boston newspapers must have been present, because on Sunday morning I was astonished to see the space which the Boston papers gave me. The truth is that this was the first time that I was ever publicly featured. This was during the early part of my experiences as a public speaker.

I immediately received a letter from my father reprimanding me as a radical Bolshevist. The president of the Gloucester Safe Deposit & Trust Company, Mr. Charles E. Fisher—a wonderful character and a faithful friend—was also displeased. The spearhead of the opposition, however, centered in a conservative, Mr. George Henry Perkins, who was also a vice-president of the bank. He was thoroughly aroused; he determined that I was no fit man to represent the financial interests of the community. There were also two other young men about my age who had the banking bug; namely, Mr. Isaac Patch and Mr. Ezra L. Phillips. With Mr. Perkins as a leader, and these heavily-borrowing fish firms pouring fuel on the fire, a strenuous opposition solidified. The result was that I was dropped from the management and Mr. Isaac Patch was elected in my place notwithstanding an agreement which I had with the President of the bank dated November 12, 1912.

As an illustration of the irony of fate, his first child and my child were born within four days of one another. Mr. Patch has been an honest banker and has been much more tactful than I was. He doubtless has made no more mistakes than I have made. My motto is to forgive and forget. I have therefore always kept up my friendly relations with these Gloucester people. They are a fine group of honest and sturdy men. I do not blame them for dropping me out of the bank, but it is interesting to note that everything which I prophesied came about.

EXPERIENCE WITH LAWYERS

Statistics show conclusively that we are living in a changing rather than in a stationary world. This applies not only to taxation, banking, and all financial affairs, but also to modern action and thought in countless branches. Perhaps one reason that I tired of the banking business was that it was static rather than dynamic. Figures of any kind never appealed to me as dead specimens, but as living, functioning organisms. Just as the great scientist Fabre revolutionized the study of insects, so I have tried to perform a similar service for statistics. I have always tried to visualize a world of change rather than a world at rest. I have felt that banks should lead their communities both to reduce in periods of prosperity and to expand in periods of depression. In so doing, they would not only service their communities in a very valuable way, but would also protect themselves. Banking needs to be hedged in with a certain amount of law. Good bankers, and every good citizen, for that matter, should be law-abiding and scrupulous to comply with the spirit as well as the letter of all laws.

My criticism of lawyers has not been their interest in enforcing law, but, rather, their interest in finding ways to circumvent it. Even the average politician has seemed more or less hypocritical to me, and this is why I would never hire one. The average lawyer seems to be more concerned with teaching people how to escape laws than how to obey them. The engineering profession has appealed to me much more. The engineer is trained to seek the truth and let the chips fall where they will; while the lawyer is trained to prove anything that suits his convenience. Laws are necessary as a cement to keep society together, but we must first have better cement-makers and better masons.

Speaking of masons reminds me of the buildings which banks have erected. I believe in a good-looking and efficient office, but I feel that banks and other corporations have wasted altogether too much money on monuments. A successful business, like a successful life, depends on keeping things in balance, and not going off on tangents of any kind. The same applies to banking, advertising, and accountancy.

WHAT ABOUT ACCOUNTANTS?

I remember when my father was interested in banking. Accountants would bring to him audit reports consisting of thirty or more typewritten pages. He would look at the auditor and say: "Young man, this is all Greek to me. All I want is six figures, (1) gross sales, (2) net profits, (3) amount charged to depreciation, (4) amount owed, (5) cash inventory and property value, and (6) cash in the bank. Give me these for a few years back on one sheet of paper, and I will give you my answer in two minutes." I have often thought of my father's wisdom in this statement. I have seen the companies with which I am connected, and those for which our organization is doing work, actually waste hundreds of thousands of dollars on auditor's reports.

My associates will say that I have a fetish on this subject of lawyers and public accountants. Of course they are necessary, as are doctors and undertakers, but their work could be greatly simplified, to the benefit of all concerned, except possibly themselves. Lawyers and public accountants are part of a policy which is today bleeding business and adding to the cost of consumer goods. How the situation will be remedied under a democracy I do not know, because our national and state capitals are today overrun and controlled by lawyers and accountants. This talk about the government being run by the bankers and the captains of industry is all rot. Our federal and state governments are being run by petty lawyers, accountants, and politicians.

LEAVING MONEY IN TRUST

I really should speak about the trust department of banks before closing this chapter. The tendency to leave money to banks in trust for relatives, educational institutions, etc., is increasing by leaps and bounds. To the extent that this money is invested in bonds, mortgages, etc., this system may be all right. When it comes, however, to investing this money in stocks, and allowing the proxies of these companies to be used by banks as they see fit, this is another question. *Yet no trust fund is safe without a right proportion of stocks.* There is a latent danger here that is a two-edged sword. Such a set-up is not only harmful to corporations, but may also act as a boomerang on the investors themselves. Even now, it is necessary to hold the annual meetings of many large corporations in a cemetery in order to get a quorum; but this is not the worst. If our country ever gets into the hands of a socialistic government, it will be necessary only to take over the banks and get control of these trust funds. With the proxies they carry, these men could govern the industry of America.

This is not a reflection on trust funds, living trusts, or insurance of any kind. I believe in all these things, but I know that nothing will take the place of individual responsibility and eternal vigilance. If our children have not the integrity, industry, courage, and judgment to handle independently the money which we leave them, how can we expect the banks to do it which are controlled by children no better than our own children? One thing I feel very strongly about—namely, that when leaving money in trust, we should use joint trusts; that is, two trustees, one to be a bank and the other to be the beneficiary. Every person to whom we leave money should be one of the trustees of the money of which he or she is a beneficiary.

AVOID DEBT LIKE SMALLPOX

This banking bug certainly taught me one good lesson—namely, the dangers of getting into debt. I borrowed a little money in Gloucester while I was engaged in selling securities, although my father used to say: "Roger, remember that debts are more dangerous than germs." About one person in ten has made a lot of money by getting into debt, but the other nine persons would be better off if they had never borrowed a penny. The borrowing of money is a good deal like playing the races: the winnings of a few keep the industry going. There are legitimate reasons for borrowing. A person is justified in borrowing on raw materials while they are being manufactured into finished goods and sold. A person is justified in borrowing on goods in transit. There are other forms of legitimate borrowing. Most borrowing, however, is done in an attempt to do more business than one should. This results in overreaching and usually in disaster. It is much better to be content with a small business and operate on your own capital than to spread out and have a large business but be in debt.

When I speak about being in debt, I have not in mind the man or the corporation which cleans up once a year and stays out of debt for two or three months. Such borrowing is legitimate and is good for the banks and the borrowers. When, however, you obtain a loan that you cannot pay up within a year, and thus be free from debt for a while, then it is time to halt. Doctors tell me that getting needlessly into debt is probably the greatest factor in undermining the health of business men. Debt develops worry, and worry develops physical weakness. When in debt a man is subject to infection and deterioration. Careless borrowing is not only dangerous to the individual, but to the nation as a whole. Borrowing causes real estate, commodities, and securities to sell during a boom at unreasonably high prices, and likewise causes these same assets to sell at unreasonably low prices during a business depression. If real estate, commodities and securities could not be used as bank collateral, the business cycle would be freed both from the dangerous booms and from the reckless panics. Furthermore, until that day comes I see little hope for effective financial legislation.

Chapter XII

DEVELOPING A USEFUL BUSINESS

I MUST now drop back in this narrative to my illness. As I have explained, banking was only one string to my bow; I took it up as an insurance while I was struggling to get my first love, *Babson's Reports*, floated. Therefore, let me return to December, 1904, when the Business Statistics Organization was incorporated in the kitchen of our little house on Seaver Street, Wellesley, Massachusetts, with a capital of $1,200. I had returned from the West and was recuperating from my illness. I was faced with the problem of devising some scheme which would enable me to make a living by working out-of-doors in the country. It needed to be a line of work connected in some way with securities, upon which my education and five years of experience had been concentrated. If physically able, I would have gone at once to Wall Street as an investment adviser; but under the circumstances I was forced to the difficult task of getting Wall Street to come to me.

This is the way it happened. I had not been out to any evening function for nearly two years; but the time had come when I felt able to do so. On my first evening out I attended a lecture at Maugus Hall, Wellesley Hills, Massachusetts, by Booker T. Washington. He told of his industrial work at Tuskegee, and how he made his students *independent*. His system was very simple. He tried to make each student a real specialist at something. For instance, if he had students from twenty counties, he would make up a class of twenty students on carpentry, one from each county; a class of twenty students on bricklaying, one from each county; a class of twenty students on pecan raising, one from each county, and so on. Instead of teaching these students everything from French to calculus, he concentrated on simple reading, writing, and arithmetic, *but made them specialists in definite lines of employment.* Then when these students graduated and returned to their respective counties, they would know more about carpentry, bricklaying, or pecan raising than anyone else in their communities. Booker T. Washington made the point that as soon as a man knows any one subject (no matter how insignificant) better than anyone else in his community, his success is assured.

MY BIG IDEA

The next day I gave Booker T. Washington's address careful consideration. I thought over the statistical field with the idea of developing the plan of work to which Mary Mullett referred in her *American Magazine* story. Every city bank, investment house, and Stock Exchange firm had a "statistician," who ranged all the way from the office boy to one of the partners. Some of these statisticians had been salesmen on the side, as was my case. No one of them was especially interested in his work. There was much duplication of effort. For instance, railroad gross earnings were published each month, but they were never published on a *per mile* basis. Hence each month the statisticians in each office had to divide the gross earnings of the respective railroads by their mileage, in order to get the earnings on a per mile basis. This was the only satisfactory way of comparison.

The bond houses used to issue offering circulars, and the statistician from each office would call on every other bond house each month to collect these circulars. These were then indexed separately by each house, so that when the firm desired to purchase or sell any inactive bond, it could look up and ascertain the name of the firm last offering or bidding for it. In view of what Booker Washington had said, the thought occurred to me that one person, with some assistance, who concentrated on this one job, could do it more efficiently and at much less cost to each house if he did it for the entire group. This was the idea that gave me a start. I saw no reason why it could not be done at Wellesley as well as in New York or Boston. The results could be mailed to the different banking-houses, in either card or circular form.

IMPORTANCE OF SELLING

The next job was to get a group with which to start. This was no easy matter. It is simple enough to manufacture goods, but it is another job to sell them. The trouble with America is that we are long on manufacturing establishments and short on good salesmen. The last thirty years have been devoted to extending powers of production on a scientific basis; but let me say that the next thirty years must be devoted to organizing distribution on a scientific basis. This was my first experience in selling. It was some job. Finally, however, I got a group of eight houses to pay me $12.50 a month each, making a total of $100 a month for this work.

Mrs. Babson and I then organized, as a little company, Business Statistics Organization, Incorporated. The original capital was only $1,200, which was the amount needed for a typewriter, adding-machine, office supplies, and working surplus. I became president of the company and Mrs. Babson became treasurer. We divided the stock equally between us. There has never been a change in this stock ownership up to the present time, and we are still fifty-fifty partners.

The first month our gross earnings were $100. We had an office in our house, and our total rent was $22 a month. Incidentally, the Business Statistics Organization later bought this house, intending to develop it into a statistical museum. We hired a young woman by the name of Bessie Parker for $6 a week. She stayed with us for seventeen years, and when leaving to get married was receiving an income of about $15,000 a year. The first month our rent, help, and other incidental business expenses amounted to $50. Mrs. Babson and I spent $45 on food and incidentals, which left us a balance of $5. We both had been brought up economically in New England to save. As a result, this $1,200 grew to many millions.

HOW SUCCESSFUL BUSINESSES START

We had only eight clients for that first year. The second year the number went up to twenty-seven, the third year to forty-two, and the number increased every year until we had the largest clientele of any statistical organization in the world. Our profits probably amounted to more than those of all our competitors combined. It, however, was a slow struggle. There was no spectacular growth. The difficulty with young people today is that they want to grow too fast. They are unwilling to start at the bottom and wait. It is a simple matter to build up a business if you will be patient; but it is a difficult and expensive matter to build it up quickly. Most successful businesses have been born in either garrets or cellars. My real handicap was not the slow growth, but rather the difficulties under which I was obliged to work. It was a handicap to work in the country, as bankers were prejudiced against "sending into the woods" for their statistics. Then it was necessary to work out-of-doors, and this was a handicap also. For instance, in the early years of my business I worked wholly out-of-doors, in winter as in summer. My personal assistants had robes and mittens, hitting the typewriter keys with strikers looking like small polo sticks; but this Mary Mullett has already recorded. The method is shown by an illustration appearing in Chapter XVIII.

Notwithstanding these handicaps, we won out along the lines of Booker Washington's suggestion. I believed that my poor health was no more of a handicap in my case than being black was a handicap in the case of Booker T. Washington. Yet he made good. Any handicap can be overcome by honesty, industry, thrift, and concentration on one's job. If you will concentrate on one thing and know more about that one thing than anyone else in your vicinity, you at once become independent, irrespective of color, sex, health, poverty, or any other handicap. This certainly is my belief, and I say so from experience. There is an old saying, "there is plenty of room at the top." This is truer today than ever. Plenty of people have money and influence; college graduates are more common than bricklayers and plasterers; *but the man or woman who knows one thing better than anyone else always wins in the end.*

NECESSITY OF HAVING A PLAN

Our underlying purpose was to furnish protection to the investor in relation to his capital and income. This was the original plan when the Business Statistics Organization was incorporated and has continued to be. In floating this idea it was necessary to get the cooperation of a few concerns with vision which had an interest in the persons on the customers' side of the counter. In talking with these eight concerns who first staked me at $12.50 a month, I found they were primarily interested in having me collect, analyze, and index the circulars of bond offerings to which I have above referred. I made the trips myself to the banks and bond houses of Boston, and got on the mailing lists of all vendors of securities in other cities wherever located. The cooperating subscribers also gave me the use of the bond offering circulars which came in to them. Hence we became a clearing-house for the firms which employed us. At first a clerk and I went around to these offices and indexed these combined offerings on little blue cards. It was soon found that it was better to arrange all these offerings each month alphabetically and furnish them as a typewritten report on legal size paper. This was a quicker and more economical way of doing the work. It enabled different people in a bank or bond house to have a personal copy of this "Composite Circular" and not be tied to the card file in the office. We thereupon mimeographed these circulars, and they soon became much in demand.

Fortunately, I had the audacity to start this service at $12.50 a month and keep the price at this figure. This is perhaps one of my greatest contributions to the statistical industry. If it had been started at some low price of $12 or even $25 a year, the industry would never have developed to present proportions, as the demand for the product was very limited. Originally, I was criticized severely for this high price. Bank officers and partners in investment firms would say to me: "See the one hundred pages which we can get weekly in the *Commercial and Financial Chronicle* for only $12 a year, and yet you ask $12.50 a month for twenty-five mimeographed sheets!" I, however, stuck to my price and gradually increased my clientele, as above explained. It was a hard row to hoe; but so long as we were headed in the right direction, my courage was good. I finally secured as clients most of the investment firms of Boston; gradually I took trips to New York, Cleveland, Detroit, Chicago, and St. Louis.

IMPORTANCE OF ECONOMY

I never took a Pullman, but sat up all night in a day coach on many of these trips. Later I went to New York for a few days every month, going back and forth on the Fall River line, using one of those free berths. They were in rooms opening off the dining-room below water, with six free berths in each room. They were my first experience with "air conditioning." Although there was no outside ventilation, yet I got on all right with the forced air that was pumped into those rooms.

This old Composite Circular continued to grow, and I finally sold out the whole idea, at a handsome price, to Arthur E. Elliott. He founded the National Quotation Bureau, with monthly, weekly, and daily printed services. This has become a large and successful business, although I have had no connection with it for many years.

Mrs. Babson and I salted down our money in "utility" securities, but continued to live in an economical way. We directed our energies to expanding the Babson Card System which we had started about a year previous. We felt that there was an opportunity for collecting, analyzing, and distributing information of earnings and miscellaneous news on cards, in the same way as we were distributing information of offers and bids. For this new service we used 5 x 8 cards, instead of the 3 x 5 cards which we had used previously for listing the offerings and bids. For this new work we employed a young man, Edward W. Shattuck, as chief compiler, and Willis D. Porter as salesman. This service was likewise marketed at a good figure on a subscription basis to Stock Exchange firms and investment houses. The field for this information service was larger because we could sell it also to banks, which were not interested so much in our bond offering service. Finally it was necessary for us to move from our house on Seaver Street to a vacant house on Bemis Road, in Wellesley Hills, and later to a small wooden building at Wellesley Hills Square.

SERVING COMPETING MASTERS

As we began to interpret these earnings and news items for the benefit of banks and investors, we encountered a difficulty. Ninety-five per cent of our subscribers were venders of securities! These subscribers did not object to *favorable* interpretations, but when we began to issue *critical* interpretations, opposition developed. I do not blame these investment houses; naturally they were unwilling to pay me $12.50 a month to call the attention of banks and investors to the weak features of the securities which they were offering. They threatened and coaxed us to soft-pedal the bad features. We soon reached a point where we were obliged to decide whom we were to serve, the venders or the purchasers of securities. One cannot successfully carry water on both shoulders.

Thereupon I devised a plan of selling this card service to Messrs. Porter and Shattuck and letting them serve the venders of securities. I then confined my efforts to protecting the purchasers and the investing public. Another consideration was the necessity of having the card service operated in New York City, where the firm of Laidlaw & Company were threatening to operate a competing service. I shall never forget that summer day when these two young men, soon after taking over this information service, came from New York City to talk with me at Annisquam, Massachusetts. They told me that Laidlaw & Company had definitely decided to back their statistician, Luther Blake, in the formation of a concern to do this work for Stock Exchange houses in New York. Porter and Shattuck told me that Laidlaw & Company had offered them a pretty figure for the business, which figure gave us all a handsome profit.

I advised these young men that if they could get satisfactory positions elsewhere, they had better sell out. I questioned whether there was room for two competing concerns in the business at that time. Mr. Edward W. Shattuck was unmarried and decided to retire on his portion of the profits. He first took his mother on a trip abroad, and came back and bought a small farm in New Hampshire. Mr. Willis D. Porter made a satisfactory connection which took care of him nicely. Therefore we all sold out, although it should be remembered that the Babson Card System formed the foundation of what has now become the Standard Statistics Company, the largest statistical organization of its kind in the world. Although Mrs. Babson and I continued to operate our business economically and to live simply, we by that time had accumulated quite a fortune. We were at last in position to be independent and live on our income or else to spend money on further business adventure. We chose the latter, but used the laboratory method and depended upon tests and news items. In connection with this I learned much from E. T. Gundlach of Chicago. This was in 1906, preceding the panic of 1907.

OWNING MOODY'S PUBLICATION

Ever since the Civil War a financial publication known as *Poor's Manual of Railroads* had been published annually. This green book, together with the *Commercial and Financial Chronicle*, were practically the only reference publications then used by banks, Stock Exchange firms, and investors. The Fitch Printing Company published the listings of the New York Stock Exchange, and entered the financial statistical field in a small way; but practically nothing new developed until John Moody came into the field. John Moody was statistician for Spencer, Trask & Company, and he conceived the idea of a Manual for Public Utility and Industrial Companies, to be bound in red, to supplement *Poor's Manual of Railroads*, bound in green.

From that day to this, John Moody and I have been friendly but keen competitors. History must record that we revolutionized the collection, compilation, and publication of financial statistics. Although other concerns such as the Standard Statistics Company, to which reference has just been made, later came into the field and built up larger organizations, I doubt whether any outfit has had as good a time and has made as much money as John and I have. Unfortunately, John had had a New York training instead of a New England training, and hence got caught in the panic of 1907. He was being financed by Mr. E. N. Potter, a splendid young man, who was senior partner of the Stock Exchange firm of Potter, Choate & Prentiss. Mr. Potter, who was one of my clients, asked if I would be interested in purchasing the assets of the Moody Manual Company, which was to be sold at public auction. I replied that I had been a manufacturer of services and not a purchaser of services. I was benefiting from a lesson which I had learned years previously—namely, that it is more profitable to manufacture bonds than to buy them! However, I was the only one who then had the necessary capital as well as the courage to supply it. I therefore took over the Moody Manual Company.

HOW TO SELECT MANAGERS

In looking about for a manager, I remembered Mr. Charles W. Jones, a salesman living in Wellesley, who had been exceedingly successful in creating and getting new members to the Men's Club of the Wellesley Hills Congregational Church. Mr. Jones had character, energy, and red hair. Although he knew nothing about the compilation or sale of financial manuals, he accepted my offer and made a great success of the company. During those years the only disagreement we ever had was when I finally came to the time when I would like to cash in on Moody's Manual. Instead of selling to Mr. Jones, I sold, at a higher price than Mr. Jones would pay, to Mr. Roy W. Porter.

Afterward, Mr. Porter purchased *Poor's Railroad Manual* and consolidated them both. John Moody, however, would not be downed. He started *Moody's Bond Ratings*, which were a great success from the first. Although he has had lots of imitators in connection with these "Ratings," none have thus far been able to catch up with him. This gave him sufficient funds to push his book, entitled *Moody's Analysis of Investments*, and finally to purchase back from Roy Porter the name "Moody's Manual." Thus it will be seen that at various times I have founded or controlled practically all of the financial services and other financial publications except magazines which carried advertising. In fact, the real reason that I sold out my interest in these manuals was because the small amount of advertising which they carried conflicted with my freedom to comment on the good and bad points of securities.

Banking-houses would not advertise in our manuals if we made unfavorable comments as to securities which they were offering. John Moody was ultimately obliged to give up advertising in order to continue fearlessly his rating system. This reason kept me from investing in monthly, weekly, or daily financial publications which were dependent on advertising. This was the reason why we ultimately cut loose entirely from Stock Exchange firms and investment houses which had securities for sale, in order to serve investors alone. Let me add that my able cousin, Paul T. Babson is now the controlling force in both the Standard Statistics Company and the United Business Service which latter I also founded.

"PASS IT ALONG"

It may be said that perhaps at this moment *Babson's Reports* were born, although they were merely the culmination of what had been developing for several years under my direction. At any rate, Mrs. Babson and I then burned all bridges behind us and determined to devote the rest of our lives to selling pure protection, first the protection of capital and income. At this point my father took me once more on a buggy ride. Said he: "If you are to be free to give unbiased advice, you must not borrow, indorse, or go on bond." I am proud to say that thus far we have followed my father's advice to the letter. Since *Babson's Reports* were started, neither one of us has ever borrowed a dollar, and I have never lent a dollar to an individual. Those giving advice should never become involved with the borrowing or lending of money or in speculation of any kind.

I cannot close this chapter without paying tribute to Frank W. Remick, who was a partner of Kidder, Peabody & Company when I started in business. I could not possibly have started with fewer than eight subscribers at $12.50 a month. I easily secured five and with difficulty got it up to seven,[1] but I could not seem to get the eighth. For weeks I trod the streets of Boston, so far as my health would permit, seeking one more subscriber. Finally, at 4.45 P.M. on the afternoon preceding a certain Thanksgiving Day, Mr. Remick gave me Kidder, Peabody & Company's subscription. Not only was this the necessary last one needed, but this firm was the leading private banking house in New England and having it as a subscriber gave me great prestige.

On the first anniversary of that Thanksgiving Day I had the temerity to write Mr. Remick a letter of thanks and appreciation. He answered the letter by putting his visiting-card in an envelope with these words written thereon: "Pass it along." For several years I wrote him a similar letter every Thanksgiving, and he answered in the same way. Then one year he invited me to lunch with him at the Union Club on Park Street in Boston the day before Thanksgiving. The next year he accepted an invitation to lunch with me. Finally, he and Mrs. Remick dined at my house, the Thanksgiving Eve before he died. On the day of his funeral our offices were closed. Frank W. Remick's motto, "Pass it along," is the best advice for individuals and nations who wish economic security.

In conclusion let me say: *First*, I could not have been so successful under present tax laws which are almost prohibitive to making large incomes. *Second*, I was the first to enter the investment supervisory field in a mass way and had practically no competition. *Third*, the operating expenses were then very low. With present high operating costs I could not repeat the good luck. In fact, there today is no longer more profit in our work than in most other industries.

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[1] These seven were: E. H. Rollins & Sons, Moore, Baker & Co., Dennett Bros., N. W. Harris & Co., Bright, Sears & Co., Tobey & Kirk, and Frederick H. Hatch & Co.

Chapter XIII

ROMANCE OF BABSON'S REPORTS

Protecting Capital and Income

UNEXPECTED events are the turning-points in the lives of most people. I have already told of my spiritual conversion in 1890, and of my illness in 1901-02. The next great event which made a lasting impression on me was the panic of 1907. With the exception of a brief depression in 1903-04, general business had been pretty much on the upgrade from the time of my graduation in 1898 until the year 1907. Pig-iron production, crop statistics, banking reserves, check transactions, and every other barometer of business showed an almost continuous advance. Stock prices had climbed from an average of around 30 in 1898 to around 111 in 1906, which means they had about trebled in value. My business friends of those days were partners in Stock Exchange firms and investment houses. Nearly all of these men believed that the United States had entered a period of almost boundless prosperity. None of them saw any clouds in the sky.

Suddenly, on March 6, 1907, there started a crash which finally brought stocks from their high point of 111 to a low point of 60. Much of this drop occurred on two days, March 6th and March 14th. I happened to be in New York that later day, peddling my statistics. A partner of one of the Stock Exchange firms asked me to come on the floor of the Exchange to give him a lift. Although this was against the rules, I did so. On that day I actually saw men turn gray. My thoughts, however, were especially on the hundreds of thousands of thrifty investors throughout the country who saw their savings wiped out. This caused me to make a study of the losses which come through Stock Exchange transactions and foolish investments. I estimated these to be in excess of one and a half billion dollars a year. This was enough for me. Then and there I decided to do something to prevent them.

BOOKS WORTH READING

In addition to these experiences in 1907, I was greatly interested in a book known as *Benner's Prophecies of Future Ups and Downs in Prices*, published in 1884 by Robert Clarke & Company of Cincinnati. This book was presented to me by B. E. Baker in 1906. Mr. Baker, who was in the leather business, lived in Wellesley Hills. His only son was in my Sunday-school class, which is an additional reason for my feeling under obligations to Sunday schools! On the fly-leaf of this book (which I still have among my valued possessions), appears the following:

> There is a time in the price of certain products and commodities,
> Which, if taken by men at the advance, leads on to fortune;
> But if taken at the decline, leads to bankruptcy and ruin.

Mr. Benner based his prophecies on the average price of pig iron, hogs, and corn. The book was written, however, for business men rather than for investors. I also came in contact with another book, entitled *How Money Is Made in Security Investments*, by Henry Hall, which carried along the same idea but which was written purely for investors. I took the above two books, with other material, to Professor George F. Swain, to whom I have already referred, the head of the civil engineering course at the Massachusetts Institute of Technology. We both concluded that there was something in the idea which these books portrayed. I set my people to work compiling what became the first Babsonchart. It followed Benner in using pig iron, corn, and hogs as a base, but gradually more subjects were added.

BIRTH OF THE BABSONCHART

It was Professor Swain who first drew a "normal line" through these zigzag charts which we had made and through the composite chart which included them all. The Babsonchart started with the same idea which underlay our original Composite Circular. Professor Swain also suggested that Newton's Law of Action and Reaction may apply to economics as it does to physics, chemistry, astronomy, and other fields. At this point Mrs. Babson and I decided to go abroad and see what we could learn about Sir Isaac Newton. I thought I would like to try my hand, at the same time, at selling *Babson's Reports* and the Babsonchart in England and on the Continent. Sometimes it is easier to launch a new thing among strangers than among friends. Besides, these English and European bankers were selling no securities in this country, and hence were looking only for unbiased information. Of this and other trips, however, I will tell in a later chapter.

Briefly, *Babson's Reports* consist of two features: (1) They show *when* to buy and *when* to sell; and (2) *what* to buy and *what* to sell. It is the first of these features for which the Babsonchart is used. The second feature has developed into our Supervised Lists, about which I will write later. There was nothing new about charting the ups and downs of the production or the price of individual commodities or securities. Everyone was doing this. A few of us had begun to combine different commodities or securities into a composite chart, although I was the first to use this name. Really upon this composite idea the organization was founded. *Our contribution to the analyzing and forecasting of business conditions was in connection with the study of the* areas *above and below this Normal Line.* Other systems of forecasting considered only the *high* and *low* of the charts, while our system considered the *areas* of the charts.

Based on Newton's Law of Action and Reaction, we assumed that after a depression area, equal in area to the preceding area of prosperity, had developed, another period of prosperity would be due. *In making these studies, we took cognizance primarily of the shape of the areas.* For instance, an area might be deep in intensity and short in duration, or shallow in intensity and long in duration. In both cases the square millimeters should be about equal. In the former case we would forecast a short depression, while in the latter we would forecast a long depression. This was truly a distinct addition to the analysis of business and investment conditions. Our studies greatly helped all forecasting efforts of that day, and the system is now being almost universally used by economists and statisticians.

MY AREA THEORY

I have every reason to believe that this area theory will gradually be extended to cover all the sciences and be used generally in all phases of life. Of course, there are some die-hard critics who still complain because the Normal Line cannot definitely be located until the cycle comes to a close. Furthermore, we must estimate as to when we feel the cycle has come to a close. Our answer to this is that we are merely teaching a principle and that each student is free to make his own charts, draw his own Normal Line, and make his own estimates. The interesting fact is that when ten experts independently, without reference one to another, make such a study and estimate, their results are practically identical. Hence, not only is our fundamental theory correct, but it is of definite practical use. We make no claim that the area theory enables one to foretell the size of the next area of prosperity; but after such an area has developed, we do insist that the following area of depression will approximately be equal *in area*, provided the Normal Line has been properly located.

Another important feature of this area theory is as follows: The ups and downs of each industry always bear a certain relation—although different with industries—to the ups and down of the Babsonchart. For instance, one industry will reach its high point in the early part of an area of prosperity and its low point in the early part of an area of depression. This is true of the stock market. Another industry will reach its high and low points in the middle part of these areas; while other industries will reach their high and low points in the latter part of the areas. This is true of the real estate business.

WHAT LINES MEAN

This Babsonchart was started in 1906-07, and first looked more or less like a snake, consisting only of the outlines of the red and black areas. This outline was and still is a curve of business conditions. The portion of the outline which applies to any one year is made up of twelve dots for said year, or one dot for each month. During the course of each month a preliminary estimate of the month's business is made each week. In determining the location of these dots, over 100,000 statistical compilations have been necessary. The arrow and figures in red at the extreme right of the chart show where business is at the present time, compared with normal. Never mind what others tell you. The real fact as to where business is today, compared with any previous period, is shown by the Babsonchart scale. This chart covers 90 per cent of all the industries in all sections of the country.

The other lines on the chart are self-explanatory. The solid red line made up of vertical red bars, shows the stock market. Each vertical red bar shows the high and low of the market for that month. The solid black line shows the bond market; the dotted black line the commodity market. These lines are also based on carefully-worked-out indices, which, likewise, show actual conditions. A study of the stock line, bond line, and commodity line shows that there is a certain relationship between these lines and the areas, which is very helpful in forecasting. Furthermore, if you would chart your own business, superimposed on the Babsonchart, you would find some definite relationship, which should enable you to anticipate improvement or decline in your business.

LOCATING THE NORMAL LINE

After a cycle is completed, we draw a line through the cycle to make the area below equal the preceding area above. Thus, D— equals D, E— equals E, F— equals F, etc., up through the last completed cycle. In doing this we follow Newton's Law of Action and Reaction. *After a line is once drawn for a single cycle showing the completion of a cycle, it should be drawn for all time.* The extreme right of this line gives an axis for a line or arm for the following cycle. Thus, this projected arm is shown as a dotted line in connection with the last cycle. When we believe the cycle is completed, we move this dotted line up or down *on the axis* to make the areas balance. Then we consider the cycle as fixed, and the dotted line is made a solid line and remains fixed. We then go ahead with a new dotted line from the new axis, developing the next cycle.

These arms form what is known as the Normal Line, or the X-Y Line, as it is called in mathematics. The areas *above* this Normal Line are made black and are known as areas of prosperity. The areas *below* the Normal Line are made red and are known as periods of depression. When one refers to business being "below normal," he means that the last point at the right, representing the current index of business, is registering below this normal line. As stated above, the Law of Action and Reaction is assumed in making the areas equal in order to fix the Normal Line; *but the Normal Line is always carried along in the same general direction. This enables business men and investors very closely to forecast how long a period of depression will last. By this trial-and-error method one continually approaches a closer and closer forecast, until the dotted line can finally be changed to a permanent line.*

HOW TO FORECAST

Based on this same Law of Action and Reaction, one may assume safely that a period of abnormal depression always follows a period of abnormal prosperity. Contrariwise, that after an abnormal depression the country will again enter a period of prosperity and a black area will again appear above this Normal Line. Remember, however (which is very important), that it is the *areas* which tend to balance, rather than the high or low points. *This means that the steeper the decline and the deeper the area, the shorter will be its duration and the more rapid will be its rebound, and vice versa.* Thus, the Babsonchart not only shows where business is at the present time, but it also gives a good hunch as to what portion of the cycle a country is in at any given time—whether the early portion, the middle, or the last. I believe that the Babsonchart is of primary importance to the successful operation of a business and investment policy. I also believe that some day it will be adopted by the federal government for flattening the business cycle. Periods of depression can be eliminated only by retarding abnormal booms. This in turn can be accomplished only by varying the expansion and contraction of credit inversely in accordance with the Babsonchart or some similar measure.

The Babsonchart checks with every business cycle since records have been available. It was especially evident in the case of the 1925-35 cycle, the movements of which our organization clearly and definitely forecasted. This is not any random statement on my part. Readers may refer to the files of any newspaper in late 1929 or early 1930 for evidence. The Babsonchart, as above stated, is used as a basis for determining *when* to buy and *when* to sell. Briefly, we advise investing one's money, a portion at a time, during an area of depression, and then gradually liquidating during an area of prosperity, both as shown by the Babsonchart. Of course, under this system, one does not buy all his securities at the lowest price or sell all at the highest price; but he should secure a good profit. Furthermore, he is justified in this profit, as he renders a real service. For every additional person following this Babsonchart, the next boom is less reckless and the succeeding depression less severe.

WHAT TO BUY

The next question is *what* to purchase. For this we rely primarily on the law of averages, which Sir Isaac Newton also discussed in his writings. The law of averages is one of the most interesting of laws. Many comprehensive experiments, ranging all the way from the shaking up of beans in a bottle to the sex of children, have been carried on in connection therewith. Over a period of years in a normal community, for instance, the births of boys and girls are almost identical. Insurance of all kinds is based on the law of averages, as well as commercial gambling games. This law seems to be infallible; it is the only basis for safe investing. Therefore, the first step is to diversify. One should diversify as to communities, as to industries, and as to corporations. People can pick winners by luck, but not through judgment. There are too many indeterminable factors to forecast correctly what the outcome of any one company, corporation, or even industry, will be.

It is just as safe to bet on a horse race or a roulette wheel as to follow any stock market tip. A tip from an elevator boy is usually as good as one from a railroad president. This was clearly brought home to me early in life. A friend of my father's, John Kendrick, became the executive head of one of the great railroads of the West, the Northern Pacific. Before this railroad was reorganized, my father owned some of the six-per-cent bonds, for which he received some three-per-cent bonds, some preferred stock, and some common stock in the reorganization. When I was once on a business trip to Minneapolis, my father asked me to call on Mr. Kendrick and ask him, as a friend, what he would do about these securities of his railroad. Mr. Kendrick replied: "Tell your father that the bonds should be perfectly good, and that the preferred stock may come through all right, but the common stock is not worth the paper upon which it is printed." Within a year this common stock sold at $1,000 a share!

IMPORTANCE OF DIVERSIFICATION

While I was writing my book, *Business Barometers*, in 1907, one of my closest friends, Herbert E. Smith of Gloucester, said he had a little money to invest and asked me to recommend something for him to buy. This was while I was writing a special chapter on "Diversification," in which I recorded the price range of ten stocks over a long period of years. I therefore suggested to my friend Herbert that he buy these ten stocks. He thought this would be too much trouble, and urged me to pick out one of the ten. This I finally consented to do. In the course of a couple of years the ten showed an average profit of fifty per cent, but the one stock which I selected—Northern Pacific preferred—sold at no higher price than when I recommended it.

Just one more recent story. To help out the building of a hotel in Florida, I purchased a bond thereon at par. It was treated on my books purely as a contribution. I offered it, at fifty cents on the dollar, to the president of the Business Statistics Organization, Mr. L. D. Peavey, the day after I purchased it. Mr. Peavey gave me the laugh and refused it. Preferring not then to be known as a holder of hotel securities, I finally gave the bond away. It was paid, principal and interest, at the worst time of the depression, due perhaps to the fact that the owner of the hotel, who held a large insurance policy, was killed in an automobile accident! One should also diversify between stocks and bonds and real estate. My personal program is to place about one-third in real estate and real estate mortgages, about one-third in corporation and municipal bonds, and about one-third in common stocks. This should be varied according to different individual temperaments, responsibilities, ages, etc., but is a good general rule from which to start.

SELECTION AND SUPERVISION

If one purchases for permanent investment, marketability is not an important factor. When, however, one buys with the idea of later selling at a profit, the question of marketability is important. For such purposes, one should buy very active securities, with a very broad market. Otherwise, when one attempts to sell, he will find so many other people likewise desiring to sell that the prices crumble away. This usually means that one should purchase securities of the large companies; that is, the securities of the leading two companies in each industry. On the other hand, it should always clearly be kept in mind that the leading company today will not be the leading company twenty years hence. Each period of prosperity (or, rather, each period of depression) usually develops new leaders in each industry.

Another important factor to be considered is selection and supervision. That famous railroad-builder, E. H. Harriman, once said to me that *management* either could make a fine railroad system out of streaks of rust, or could ruin the best railroad system. Management is fundamentally a question of character, which, of course, includes integrity, industry, judgment, and courage. Usually, the second generation never has the courage of the founders. Hence it is usually well to purchase into a corporation which has been made a success by the first generation, when this first generation is still living. One can usually make money by selling his company's stock between the death and the funeral of any great captain of industry. For any investor to attempt to select and supervise his own securities is about as foolish as for him to attempt to fill his own teeth or handle his own law case.

SECRETS OF SUPERVISION

To supervise properly a list of securities, an organization should have correspondents in all sections of the country and in all lines of industry. A tremendous number of newspapers, trade magazines, and other publications should be read daily, while the company reports, as issued, should be analyzed with great care. It is absolutely foolish for any investor to attempt to do this for himself. We who pose as experts make mistakes enough as it is. Briefly, we attempt to consider the following twelve rules in selecting and supervising securities, with special attention to the integrity, health, experience, and courage of the management:

A. Invest in an industry which is
   (1) rendering a needed service or making a useful product either better or at lower cost than are competitors.
   (2) not being exploited, which means one should buy *before* the group gets publicity, or wait until *after the publicity subsides.*
   (3) a "coming" rather than a "going" industry; always preferring those of a "repeat" nature.

B. Invest in a company which
   (1) is honestly, economically, and efficiently managed, where the officers have large stock-holdings and are not interested in too many outside things.
   (2) has once either been reorganized or has been thoroughly scared.
   (3) is reducing its *percentage* of indebtedness. (Do not buy into a receivership, even if your special issue is a "triple A.")

C. Invest in a note, bond, or stock which
   (1) is well secured, by *both* assets and earnings. Tangible assets value is very important in view of pending socialistic legislation.
   (2) has a reasonable market and is not handicapped by threatening maturities.
   (3) is fairly priced, considering what the *Babsonchart* indicates with respect to the future prospects.

D. Following an investment control program which works thus:
   (1) When bonds and stocks advance above the purchase price, such advance should be followed up with stop-loss orders. Practically, this means complete immunity from losses on such issues and the benefit of maximum profits. Try to follow the plan which lets profits run, but absolutely avoids any losses on issues which ever show a profit. Every supervised list should have a method of control so as to take these profits systematically. As loans are completed only when they are paid, so investments are completed only when they are sold.
   (2) When purchasing a bond or stock, try to decide on a price below which, when reached, you should sell. That is, at the time of purchase, determine maximum loss. For instance, if the bond or stock is bought at par, one may decide to limit the allowable loss to four points. Hence, if the bid price should touch ninety-six, a sale would automatically take place. By operating on this system, one is no longer under the perpetual shadow and menace of staggering and disastrous losses. On the assumption that some losses are inevitable, one must take profits in order to balance losses.

(3) Regularly and thoroughly keep in touch with fundamental economic conditions and underlying price movements in the various groups of bonds, stocks, and commodities. The reason why many investors get into trouble is that they delude themselves with the false idea that the good or bad times will last forever.

CHARACTER IS ABOVE ALL

My associates naturally find it difficult to stick to all these rules under all circumstances. These rules, however, are a goal at which every honest investment adviser should shoot. Clients are infinitely better off by their guides aiming high. All the above may seem very complicated to a reader, but it really is simple. To review: *Babson's Reports* consist of merely two features—namely, *when* to buy or sell, and *what* to buy or sell. The first should be determined by the Babsonchart, and the second should be determined by the above simple rules. No system of charts, or series of rules, or forms of legislation will insure security of principal or income, or, in fact, of anything else. Security comes as a result of character, intelligence, and courage. Statistical organizations can supply the tools, but the workman must do the carving. To think that tools make experts in any line of endeavor is a great mistake. Nothing can take the place of character, judgment, and courage. On these qualities the security of capital and income, the security of health and efficiency, and the security of life and property, depend. Eternal vigilance is today the price of liberty, as it was in 1776, and in every other year before or since. There is no royal road to wealth, any more than to health or happiness. Hence the great importance of teaching young people to fight intolerance, dishonesty, intemperance, injustice, and luxury.

To develop in the youth of today a courageous spirit, to fight for what is worth while, is the great need of the hour. Otherwise America will get into the condition that China was in when it built its great wall, which became one of the seven wonders of the world. You remember the story. China became rich and cultured. Its only worry was the barbarians of the north. To protect the country against them, it built this great wall, some sixteen hundred miles long, sixty feet wide, and forty feet high. Over one hundred years were required to complete this wall. Hundreds of thousands of men lost their lives in the process. Was the wall ever used? No! When the barbarians of the north finally came down to the wall, they merely bribed the gate-keepers and walked peacefully through the gates and ransacked China. This should be a keen lesson to parents who are depending upon trustees to provide for their children and grandchildren. It would be far better to invest a greater proportion of your money in the *training* of your children and grandchildren. Both capital and income would then be much more secure.

Chapter XIV

A SECOND VENTURE

Protecting Health and Efficiency

ALTHOUGH my work up to this time had been primarily for Stock Exchange firms, investment houses, and individual investors, yet a small clientele of manufacturing concerns and merchants was rapidly developing. I secured statistics in Washington—especially at the Department of Commerce and the Bureau of Labor Statistics—which I sold to manufacturers and other business men. Gradually this work grew into a definite Business Service entirely apart from our Investment Service. This Business Service covers commodities, sales opportunities, and labor conditions. In connection with these business studies, I was astounded by the tremendous loss in money, time, energy, and ideas through needless sickness on the part of both executives and employes. The greater portion of this loss apparently started with common "colds."

I became interested in the Efficiency Society, which used to hold annual meetings at the Lake Placid Club in the Adirondack Mountains. These were the days when the "Taylor System" was so much in vogue. Men were being taught to lay bricks by a tick of the clock, and to learn dancing by blue-prints. I believed in that work and still do. My statistics, however, showed that for every hour and dollar that was being lost through unnecessary "motions," ten dollars were being lost through unnecessary sickness. An impartial estimate showed that "colds" and other contagious sickness among workers were largely due to uncleanliness, poor ventilation, and faulty first-aid. These ills caused an annual loss to American consumers of about one and a half billion dollars a year. This loss, moreover, had a far more human meaning, with much greater ramifications, than all loss through investments.

FORMING A TRUST

The more I studied money, stocks, bonds, and other so-called "securities," the less I thought of them. I spent my evenings reading history. Although it is evident that the world as a whole has slowly been improving, yet it is also evident that abnormal prosperity in any one nation develops luxury which, in turn, undermines health and efficiency in that nation. Statistics show that health is not only a great factor in the development of the efficiency and happiness of each individual, but also of the business cycle. I therefore hunted about to discover some company which had been a real force in developing America's public welfare. My first thought was to invest in some one of the leading pharmaceutical companies. Although most of these are controlled by splendid groups of men, yet we found that very few of them took their own medicine.

Mrs. Babson's training as a nurse had always made her rather shy of medicine. She believed that cleanliness, inside and out, plenty of fresh air and sleep, with a sensible diet, were the best foundation for health and efficiency. I agreed to this, provided one "subscribed to *Babson's Reports*," and hence eliminated worry! Finally this led us to start our own concern, which we named the American Public Welfare Trust. This Trust purchased an interest in companies which had been pioneers for cleanliness. In addition, it is interested in marketing basic hygienic supplies, such as iodine, mineral oil, and products which are universally accepted by all leading physicians and used in the first-aid rooms of factories and stores.

WHY WE GET SICK

It is important to keep in good physical condition and thus have a natural resistance against diseases of all kinds. Nature's plan probably was that there should be no diseases, but that we finally should die from "the clock ceasing to tick." Unfortunately, we do not keep up a proper resistance to disease, and so are subject to infections of all kinds. These infections run from simple skin diseases, which are treated from the surface, to those infections which get into our internal organs and require surgical operations. The most common and perhaps most dangerous of all infections start from the common cold. The question of immediate concern, however, is how we become infected. On sober thought, all must agree that nine-tenths of our infections come through the careless handling of food by ourselves or others, or through contaminated air or water.

Cleanliness in the kitchen and a careful washing of the family's hands, before eating a meal, are essential to health. People, of course, have been taught to wash for generations; but our grandparents and parents, after washing their hands, wiped them on a common towel. Thus they undid much of the good which the washing of the hands had accomplished. This developed the use of paper towels in public places, factories, stores, and homes. I do not suggest that paper towels should take the place of the cloth towel in bathrooms except in the case of sickness. But only paper towels should be allowed in the kitchen, and, in fact, on the first floor. Children, especially, should be taught to use paper towels. This idea is not original with us. However, we are convinced that in furthering this idea we are helping to blaze a trail for *health* security, as in previous efforts we had blazed a trail for *income* security.

IMPORTANT HOLDINGS

The American Public Welfare Trust had far-reaching plans. It indirectly was interested in a huge tract of timber land in Nova Scotia, and in one of the best ground-wood plants in the world. The latter is located at Sheet Harbor, a little town about seventy miles northeast of Halifax. The company cut its own timber from its own lands and ground it into pulp. This pulp it brought in its own chartered steamers from Sheet Harbor into the Hudson River at New York City and up to Albany. With the ground wood is mixed sulphite, which comes from Europe, and the result is very strong, absorbent, and soft products. From the "A.P.W." factory in Albany these products are distributed all over the United States, and to all parts of the world.

Ever since, the A.P.W. Products Company has been trying to develop in the hearts of salesmen of hygienic products the spirit of the sanitary engineer and missionary. We have been impressing upon them that they are not only commodity salesmen but are responsible for the health of the United States. Whenever an epidemic occurs in any part of the country, I believe some salesman is to blame for allowing such an epidemic to occur. Our motto is: "Keep clean, both ouside and inside." If everyone would follow this motto, probably four-fifths of the country's sickness would be eliminated. The company uses the trade name, "A.P.W.," and we shall always do our best to protect and strengthen it. We are striving through this company to protect health and efficiency, as we strive, through *Babson's Reports*, to protect capital and income.

DANGERS FROM "COLDS"

In my collection of statistics on diseases, I have developed a list of thirty-nine dangerous or painful illnesses which may originate from common colds, which, in turn, originate from careless infections. These are as follows:

Aches
Adenoids
Ague
Asthma
Backache
Biliousness
Bowel difficulties
Bronchitis
Catarrh
Chills
Circulation troubles
Congestion
Constipation
Cramps
Earache
Fatigue
Fever
Grippe
Headaches
Hysteria
Influenza
Infantile paralysis
Lumbago
Lumbarmyalgia

Mastoids
Meningitis
Nervousness
Neuralgia
Neuritis
Neurasthenia
Pneumonia
Pleurisy
Quinsy
Rheumatism
Sciatica
Stiff neck
Throat troubles
Tonsillitis
Tuberculosis

In addition to this list, scores of other diseases may be readily traced to uncleanliness. In this connection, readers may be interested in the following ten rules for health which the A.P.W. Products Company distributes:

1. Avoid getting fatigued after work or school is over. Worry and nervous strain are a basic cause of colds and more serious troubles. Get eight to ten hours' sleep daily and devote a definite time each day to quiet devotion.

2. Keep clean. Wash your hands before every meal, and always wipe them with a fresh paper towel. Keep fingers away from nose and mouth.

3. Practice deep-breathing exercises and drink eight glasses of water each day. Sleep, study, work, and play in well-ventilated rooms.

4. Avoid overeating, especially of sweets and starches. Do not eat or drink anything handled by others.

5. Have regular good bowel movements each day. Every Saturday night watch your weight.

6. Take plenty of exercise, indoors and outdoors, in the sunshine, when practical. Be cheerful and thankful.

7. So far as possible keep away from crowds and do not take children to movies, etc., or on trains or street cars.

8. Develop the skin to resist variations in temperature by means of cold baths, massage, and vigorous rubbing with paper towels.

9. Adapt clothing to the temperature of the day. Do not vary clothing next to the body, but have wraps of various weights.

10. If colds still persist, it may be worth while to try prophylactic vaccine, electric massage, or vitamins; or, still better, consult your family physician.

B. S. O. PRINCIPLES

Business Statistics Organization, Inc., is both a management and operating corporation, which holds stock in various companies such as *Babson's Reports*, Inc., which protects capital and income; the "A.P.W." Company, which protects health and efficiency; and the Gamewell Company, which protects life and property. The Business Statistics Organization devotes its energy to supervision in the study of fields and processes, and in general advisory work in connection with sales and advertising. Each of these groups has its own individual management. They also have valuable trade-marks.

Let me say that a trade-mark is of greater value than real estate, machinery, or even money itself. Legislation may be passed to break up agreements in restraint of trade, but no legislation can destroy the monopoly of a trade-mark which based on a good product at a low price. On the other hand, any concern which attempts to rely alone on a trade-mark loses out very quickly. For the value of a trade-mark to continue, the superiority of the product and the reasonableness of the price must be protected. Most of all, the entire manufacturing and selling organization must be permeated with the desire to render service. Those who thoroughly believe in their work usually succeed. This is one reason why a small business will develop to great proportions under an enthusiastic founder who goes out into the world with the spirit of a missionary.

"REPEAT" VS. "EQUIPMENT" STOCKS

There is one feature about this hygienic business which would appeal to my father—namely, the *repeat* feature. You remember that he always advised me to get into a line of work which has this *repeat* feature. *Babson's Reports* surely have it, as they operate wholly on a subscription basis. The same is true of paper products which, like electricity or oil or food, are constantly being consumed. My father would not as heartily approve of our investment in the Gamewell Company, to which I will refer in the next chapter. However, even repeat industries have their disadvantage. There are too many people who believe the same as my father did! Consequently, although repeat industries are theoretically most profitable, yet for this very reason they are the most overcrowded of all industries. As a result, competition in such industries is severe, and one might succeed even better in an equipment industry.

Even on the basis of diversification, the Babson Organization was glad later to become interested in the Gamewell Company, which is purely an equipment company. We believe in diversification, even to the extent of including an *equipment* industry with *repeat* industries. I surely have learned that nothing in this world has all the advantages or all the disadvantages. There is good and bad in everything. Although we should endeavor to select those things which apparently have the most good and the least bad, yet progress and ultimate success depend on mixing them all together. Certainly this is evident in connection with nature and life in all forms. It is the balanced life that is the healthy and happy life.

TEACHING HEALTH

Our immediate interest is to get everyone clean-conscious, and especially to get hygienic products into factories, stores, schools, and all public places. It is surprising how careless people are about keeping clean. We fail not only to wash our hands, but we are continually attempting to use a towel which others have used. Because hands look clean is no reason that they are clean. The most dangerous of germs may be found on the most "immaculate" of hands. This is why physicians so thoroughly scrub their hands before performing surgical operations, and then in addition wear sterilized rubber gloves.

Our grandparents accidentally discovered the importance of cleanliness when they preserved their fruit and vegetables. Although a jar looked perfectly clean, they found from experience that the fruit or vegetables would keep only when they boiled the jars. This great discovery was made by Pasteur, but its application has been confined thus far largely to the treatment of disease and not to its prevention. The great field of preventive medicine is as yet unscathed. It is where the electrical industry was when Franklin flew his kite, or where the statistical industry was when I heard that famous lecture by Booker T. Washington. Surely America's public welfare depends upon a conscious realization of the importance of cleanliness, both outside and inside.

Parents, school-teachers, and preachers might well give more time to teaching youth how to keep well. I have in mind proper diet, deep breathing, sufficient exercise and sleep, as well as cleanliness.[1] But the necessity of fighting for cleanliness is basic. Cleanliness is not natural; it does not come of itself. Cleanliness can be secured only by constant struggle. This means that eternal vigilance is the secret of *health* security, as well as *financial* security. The same persistent and courageous spirit developed in youth will bring about both health security and financial security.

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[1] In connection with this subject of health protection, I give this little talk to children whenever the opportunity offers: We get sick by being in a run-down condition, when a "bug gets us." This bug is so very small that it is impossible to see it even with a microscope. We may get it from a doorknob, or from books or toys handled by some sick children, or from shaking hands, or in a dozen other ways. Money is very dirty and carries lots of these bad bugs. Hence the great importance of washing your hands before going to the table or handling food of any kind, and of wiping them on a fresh paper towel. You also should avoid sticking your fingers into your mouth, nose, eyes, or elsewhere. This is why your mother works so hard to break your little brother or sister from sucking its thumb. This also explains why your mother wants you to keep your bowels open. Some bugs are bound to get into you, anyway, however careful you are, and you should get rid of them just as quickly as possible by going to the bathroom at least twice a day.

In addition to keeping clean outside and inside, you should also be careful about what you eat, because in our blood are millions of little "white policemen," who try to protect us when we are careless and do not wash our hands. Just as soon as any bad bugs get to working on our throat or nose, or inside of our body, these little white policemen run to the spot and try to kill the bad bugs which are starting in to give us a sore throat, or a cold, or something very much worse. This means that we should be very good to these little white policemen and feed them what they like to eat. Now what do they like? First, they like plenty of chance to sleep. And as they can sleep only when you are sleeping, this means that you should have a lot of sleep. They like fresh air and sunshine. This means that you should stay out in the fresh air and sunshine as much as possible. But most of all these little white policemen love fruits and green vegetables, especially spinach! They are just crazy over green vegetables. Therefore, to keep these little white policemen happy and strong, you should eat lots of green vegetables.

But there are some things these little white policemen just hate. They hate candy and sugar; they hate cake and pies; they despise tobacco and beer; while they do not like very well tea, coffee, or too much ice cream. In short, your health depends primarily on keeping these little white policemen strong and happy, which means keeping clean inside and outside, giving them good fresh air and sunshine, and feeding them only on the things they like.

SAVING OTHERS SAVES US

I suppose this interest in cleanliness was partly the result of my tubercular sickness of some years before. Next to fresh air, good food, and plenty of rest, the physicians impressed upon Mrs. Babson and me the importance of cleanliness. Sputum was carefully destroyed. The bedclothes, and everything that I touched, were methodically sterilized. We could not buy paper towels in those days, but Mrs. Babson cut up wrapping paper and made her own paper towels. It may honestly be said that our interest in hygiene was directly the result of her hospital training and my illness. I have come to believe that sickness has an educational, and even an economic function. First, it gives us a chance to think; and, secondly, it should force us to correct our mistakes. Certainly all illness is the result of mistakes, either of ourselves or of others. As the pain in our tooth is the signal that the tooth needs treatment, so sickness of all kinds is a warning that we are not leading a proper life. We may then look upon illness as a blessing, even if the blessing is in disguise.

I forecast the day when hospitals, and especially physicians, will have educational departments. Not only should people be taught why they become sick and how to avoid future illness, but they should become enthusiastic missionaries for healthy communities. I say this because the health of each of us is directly related to the health of all of us. This is a fundamental fact that we try to impress upon all connected with our hygienic work, from the man who first cuts the tree in the forests of Nova Scotia to the boy who delivers the package to the ultimate consumer. Yet it is difficult to get this point of view into the mind of the average person. It is not merely a question of selfishness, as selfishness itself should interest one in protecting others. It is sheer ignorance and dumbness. Only by saving others can we save ourselves.

HEALTH AND SUCCESS

Let me also add a word about the relation between health and efficiency. This relationship is very close and intricate. We blame people for being lazy and dumb, when their health is really at the bottom of all their trouble. I have known a great many prominent people in my life—presidents of the United States, great scientists and inventors, captains of industry, wealthy bankers, famous preachers, physicians, lawyers, and merchants. Of course, there have been exceptions, as in the case of the late Charles Steinmetz, of the General Electric Company, who was a frail hunchback; but ninety per cent of these successful men inherited strong physiques. They had good digestions, strong nervous systems, and were able to out-work their competitors. In few cases have the second generations had the physical stamina of their fathers.

Lack of physical reserve on the part of the second and third generations has been a factor in the deterioration of the businesses which they have inherited. Our own experiments have been in connection more with the efficiency of workmen, clerks, and other employes. It is noticeable that some are ambitious to get ahead, while others are sluggish and drag behind. Studies show that physical condition is also an important factor in determining the direction in which even the mill hand or office boy operates. Just now every manufacturer is seeking labor-saving machinery and is looking upon such machinery as holding the answer to his problems. The day is coming, however, when employers, and the community in general, will take a far greater interest in the health of workers. Great advances are ahead of us through increasing production by developing healthy workers.

HEALTH AND BUSINESS

In closing this chapter, let me say a word about the relation between the health of a community and the business cycle.

Physicians state that three-fifths of the ills of active-business men are caused by worry, and that four-fifths are caused by worry and fatigue. These either directly develop poisonous toxins or else so reduce our vitality that we are easily subject to infections of various kinds. Headaches, indigestion, neuritis, backaches, and especially that "tired feeling" are due primarily to worry, excitement, becoming angry and getting fatigued. Such troubles, moreover, are especially prevalent during a period of business depression. Charts would show that such troubles increase almost proportionately with the increase in business failures, unemployment, and the other barometers of bad business conditions.

It does little good merely to say to people, "Don't worry." It is difficult for most business men arbitrarily to force thoughts out of their minds without having something else about which to think. This psychological fact gives a more or less economic purpose to concerts, detective stories, golf, baseball games, and other diversions. Some would include even more radical diversions of a questionable nature. If it were not for the economic service which diversions perform, they would not continue to exist. Even their popularity would be lessened somewhat if more wives did not ask their husbands to "listen to a tale of woe" or "dress to go out to dinner" as soon as they get home! Blessed are the men whose wives recognize that they are helping themselves, as well as their husbands, by keeping from them the home worries. Wise is the man who drops his troubles at the doorstep, never taking them into the house. Probably his wife has more troubles than he has already!

Diversions, and even helpful wives, afford only temporary relief. They may keep a business man from breaking down; but they cannot give him something fundamental upon which to build. These diversions may help keep a man from getting neuritis, indigestion, and other ills, but they seldom cure one so affected.

This is because when a man is run down he worries more than he otherwise would. It is a vicious circle. Fear causes worry; worry causes fatigue; fatigue causes more worry; and so on. Such men can recover, both physically and financially, only by reversing the process. Faith must be substituted for fear. Then the circle becomes:—more faith, less worry; less worry, better health; **better health, real prosperity.**

My purchase of securities in the A.P.W. Products Company took place in 1930. For various reasons I sold out my holdings at a good profit in 1950.

In place thereof the Business Statistics Organization has invested large sums in certain national merchandising companies. We have come to the conclusion that wise and alert merchants with flexible locations, large varieties of goods and lower-bracket labor now have an advantage (especially in combatting inflation) over manufacturers who are tied down to one locality, a few products and a limited labor supply.

This idea was often pointed out to me by my far-sighted father whose sole income was from a store in Gloucester, Massachusetts. This store did a volume of business of only about $100,000 per year; but it was the best "General Store" in the city. It also should be remembered that this volume would equal $300,000 at present prices. In a later edition of this book I will add a new chapter on "Merchandising" which should interest readers who operate stores or own merchandising stocks.

Chapter XV

RED FIRE-ALARM BOXES

Protecting Life and Property

I ALWAYS had an emotional nature. An accident of any kind, even to a small animal, would often bring tears to my eyes. The thought of hunting was terribly repulsive to me. If the animal could also be given the use of a gun, then hunting might be a real sport, but with only the man having a gun, it seemed to me little short of common murder. Fires always aroused my emotions; and we certainly had some great old fires in my boyhood days at Gloucester, Massachusetts. Our then main fire protection was that it sometimes rained! There were no fire hydrants. In different parts of the city there were underground cisterns, which were pumped out by a hand fire-engine in case of a conflagration. When the water was exhausted in these underground public cisterns, people formed a line and passed buckets of water, one to another. These buckets were filled in the cisterns of private homes and from wells.

The fire department of my boyhood was wholly voluntary. People were aroused by the ringing of the church bells. It seemed as if these fires usually came at night. I would be stirred tremendously by them. Although my father said little, he also was much interested, having a large store on Main Street and mortgages on properties in various parts of the city. He never believed in owning real estate, and when he died did not own a foot of land or a building. The house in which we lived he gave to my mother shortly after it was built. He did hold, however, many small mortgages, and hence was interested indirectly in real estate. A few years before I was born, almost the entire business section of Gloucester was wiped out. When my father wanted to frighten me, he would take me into his lap and relate the excitement of that winter's day when Main Street burned to the ground.

BOYHOOD FIRES

Whatever the time of day or night a fire broke out, my father would always go. For some reason, which I do not yet understand, he was willing that I should go with him. When, therefore, the fire bells rang in the dark hours of the night, I would immediately get up, dress, and be ready to take my father's hand as soon as he was dressed. Sometimes we would hitch up the horse to the old buggy, but usually we would walk. Often these fires were large stables, either public or private. As this was before the days of automobiles, the public livery stables, which held the horses for hacks, wagons, and all other conveyances, were an important part of the economic life of every community. Then there was a community of Jews in the city who had clothing stores which were perennially burned. I now assume these fires were deliberately set for insurance purposes. Fires seemed to start periodically in the smaller hotels and boarding-houses, due either to over-heating or to drunken persons smoking in bed, knocking over a lamp, or upsetting a stove. The most that people could do was to get out the furniture and save adjoining property.

I was not the only one who became emotionally excited while one of these fires was going on. There was no system of control at such times. Everyone was running around like a hen with its head cut off. People did the craziest things. They would throw a looking-glass out the window and carefully bring flatirons downstairs. The great event of each fire would be when the walls fell. First there would be a great crash when the roof collapsed; but the falling of the walls was the final crisis. Often some one would get hurt during the crash, and such an accident would make a tremendous impression on me. I remember father once running into a boarding-house and, while bringing out some children, getting his hair scorched in the process. Even today my voice trembles as the thrill and tragedy of those old Gloucester fires come to my mind. I then and there resolved to do everything in my power to prevent these needless catastrophes.

AMERICA'S HUGE LOSSES

After leaving Gloucester, however, these boyhood scenes passed from my mind, although they were awakened by the great Chelsea fire of 1908, and later by the great Salem fire of 1914, both of which I witnessed. In Wellesley, where I lived after 1900, I saw few fires, as it was a sparsely-settled community of conservative people. While in Wellesley I was always overwhelmed by the statistics which continually came across my desk of fire losses for the country as a whole. Most of these seemed largely unnecessary. Every daily paper which came in to me seemed to contain accounts of tragic fires. Finally, I decided to have a study made of the subject of fires. To my great astonishment, the figures showed that some thousands of buildings suffer fire loss in the United States *every day in the year*! These fires destroy hotels, churches, schools, stores, theaters, public garages, factories, farm buildings, and especially homes with children in them.

Statistics show that each year there is destroyed by fire property with a total estimated value of about $500,000,000. But this is not the worst. In addition, about 10,000 lives annually are needlessly sacrificed, and about one-third of these unfortunate persons thus burned to death are innocent children. About 17,000 additional are needlessly injured, and this number includes a great many firemen and volunteer workers. Proper fire protection would have saved them all. My figures further showed that every ten years fires destroy nearly $5,000,000,000 in wealth, or enough to employ 3,000,000 men for one full year at $1,500 a man. Yet we go on burning up homes and buildings of all kinds.

BELIEF IN INSURANCE

Some have the foolish idea that insurance covers fire losses. It is true that insurance in many instances covers the loss to one individual; but insurance simply means that thousands of other people unite in paying this individual the money. When anything burns, it is a total loss to the country. In fact, it is more than a total loss, because it costs to sell insurance and operate insurance companies almost as much as is paid out each year in fire losses by the insurance companies themselves. I believe heartily in fire insurance as a Christian method of distributing a loss over a large number of people instead of having it fall on some one unfortunate individual. We all, however, should constantly keep in mind the fact that, although we receive a check for a portion or all of our loss, the loss is still actual. The check covering a fire loss really comes not from the insurance company, but from thousands of other people who perhaps cannot so well afford the loss as the one receiving the check. Insurance companies are clearing-houses or collecting agencies.

Another thing which should be remembered is that many careful property-owners pay out as insurance premiums more than they could ever collect if one or more of their buildings should burn. The insurance companies of the United States are well operated and are performing a wonderful service to the people of this country. They should be encouraged and backed up by a better public sentiment and by more effective legislation. In some European countries, for instance, a man is liable to his neighbor if the neighbor's house catches fire from his house. As a result of this and other customs, fire losses, both of property and of individuals, run only about twenty per cent abroad compared with losses in this country. These statistics made a deep impression on me. I finally decided that the Business Statistics Organization should take an interest in the protection of life and property from fire, as it had already taken an interest in the protection of capital and income from ignorant speculation, and in the protection of health and efficiency from contagion and carelessness.

BUYING INTO GAMEWELL

I therefore looked over the field to see what company was the most potent in the prevention of loss of fire and property through fire. My mind at once was caught by a little red box on a telegraph pole near my home, which had on it the name, "Gamewell." On looking up this company, I found that its headquarters were at Newton Upper Falls, less than four miles from our main office at Wellesley, Massachusetts. I checked the company and found that it was in good financial condition and had been a great money-maker, although it had probably been watered during a recent recapitalization. I told my plans to a friend, Mr. Eben H. Ellison, and gradually we began to acquire an interest in the Gamewell Company. We bought large blocks of stock at private sales from certain potent stockholders, and also bought stock through the Stock Exchange.

I got off on the "wrong foot" with the men who were then directors of the company and later were to become my associates. At the same time that I was making my original purchase, the Gamewell Company was in the process of acquiring the Rockwood Sprinkler Company, of Worcester. It planned to raise the necessary cash by the sale of a six per cent *cumulative* stock. I favored entering the sprinkler field, but did not believe in the method of financing. I have always felt that *cumulative* preferred stocks are neither "hay nor grass" and are harmful to all concerned. They kill the interest in the common stock of a company and are not even good investments. I felt that the new purchase should be financed from cash and the issuing of common stock. I abhorred either direct debts in the form of bonds, or indirect debts in the form of *cumulative* preferred stocks. I even went to the stockholders on this fight, but was licked.

UNLIMITED POSSIBILITIES

Later, however, I was elected to the board of directors, and since then the Business Statistics Organization has been active in the development of the Gamewell Company. I am proud of its record. It started in 1869 as the Gamewell Fire Alarm Telegraph Company, and was reincorporated on May 24, 1924, under its present name. It has a splendid board of directors. This company has installed and now maintains the fire-alarm systems in practically all important communities in the United States. Its work has been excellent and its products have been perfectly and conscientiously manufactured. As I write these words, Gamewell fire-alarm bells are ringing in many cities of the country, preventing a pending disaster.

It gives me a thrill to visualize the arm of protection which we are spreading over this entire country through our little red boxes, our network of wires, and our effective and reliable central stations. Yet no community is today properly covered. "A Box For Every Block" is our slogan. If our sales force and the city fathers could only get my enthusiasm, there soon would be a fire-alarm box on every corner. Many think that the telephone can take the place of the little red box on the corner, but this is impossible. Statistics indicate that one-third of the fires are wickedly set, one-third occur in vacant buildings, and only the balance occur in homes and occupied buildings from spontaneous combustion, faulty wiring, or other cause. Of this balance, only a portion of such structures would have telephones. It is evident that the telephone would not be used in the case of the two-thirds of the total fires which are either set or occur in vacant buildings. These are discovered only by passers-by, who go to the nearest little red fire-alarm box to send out the alarm. Besides, as most fires start in the basement, the local telephone wires are often burned at the start of the fire.

SPRINKLER SYSTEMS

The work of the Gamewell Company has not been confined to the installation of fire-alarm systems to notify the fire departments and citizens when a fire occurs. An important part of the work in recent years has been in connection with the prevention of fires. On July 1, 1930, the Gamewell Company acquired the business and properties of the Rockwood Sprinkler Company and its subsidiaries. This company was founded in 1906 by an able man named George Rockwood. It has a well-equipped plant at Worcester, Massachusetts, with branches in the leading cities of the country. The sprinkler business originated to protect mills, especially cotton mills, and other mills which carry large investories. Pipes are strung along the ceilings of these buildings, with heads every few feet. These heads are really valves kept closed by a very soft metal. These usually are set to melt when the temperature rises to about 160 degrees. Thus, when a fire starts in any part of a building, this soft metal in the nearest sprinkler head melts. This opens the valve and allows the water to pour out and extinguish the fire.

From the first, sprinkler systems were a great success. They so reduced fire losses that any concern could greatly cut down its insurance expense by installing sprinkler systems. Gradually the use of sprinklers extended to all kinds of factories, department stores, hotels, hospitals, schools, and other public buildings. Yet even today only about five per cent of the nation's schoolhouses, and their children, are protected by sprinkler systems. Not until that fatal year of 1932, when new building fell off eighty per cent from its previous high, did we give much, if any, thought to equipping existing buildings. Only then did we begin to advise sprinklers to save life. Yet, every day, newspaper clippings come to my desk giving reports of the tragic loss of life in apartment houses, three-deckers, and even individual homes.

CAUSES OF FIRES

Families who live over stores and in two- or three-story buildings are especially subject to fire hazard. When I think how life and property could be saved by "sprinkling" these stores, apartments, and private homes, I feel that I should give every ounce of strength and every moment of time to pushing the sales of the sprinkler division of the Gamewell Company. The danger from fire in hotels, apartments, and homes is being greatly aggravated today by the increase in the habit of smoking, especially on the part of women and young people. The use of electric heaters in beds is also a serious hazard, although most fires still originate in the basement.

The basement and portions of the first floor of every house should be protected by some automatic system. This should be compulsory in the case of property which is rented to people whose lives are in the hands of indifferent landlords. In this connection, it should be stated that most of the deaths from fire come through smoke suffocation, rather than through actual burning. This smoke suffocation usually occurs before the fire department arrives and often before the alarm is sounded. We are now, however, manufacturing smoke protectors, whereby the smoke itself will send off an alarm. An analysis of all fires shows the chief accidental causes to be as follows. These are listed in accordance with their relative statistical importance:

Smoking and matches.
Defective chimneys and flues.
Stoves, furnaces, and gasoline.
Electrical wiring and appliances.
Spontaneous combustion.
Sparks on roof.
Lightning.

The first five can easily be prevented by inspection and sprinklers; the last two by slate or treated roofing and lightning rods.

SIGNALS FOR HOSPITALS, SCHOOLS, AND BANKS

On March 1, 1929, the Gamewell Company acquired the outstanding stock of the Holtzer-Cabot Electric Company, which manufactures industrial fire-alarm systems for individual buildings and nurses' call systems for hospitals. In a previous chapter I have related how, when a boy, I installed electric bells in homes and purchased the supplies from the Holtzer-Cabot Electric Company. It is not only a manufacturer of electric supplies, but is installing the call systems in nearly all the leading hospitals and schools of the country. When your friend lies in a hospital bed and presses a button for the nurse, the chances are that this system was furnished and installed by some division of the Gamewell Company. This Holtzer-Cabot Electric Company has since been sold; but some of its work is continued by us.

We install central apparatus in a hospital superintendent's office which records automatically just how long the nurse takes before answering the call, the number of calls made on each individual patient, and other important confidential information. In addition to this work for hospitals, we install burglar-alarm systems for banks, department stores, and private homes. Thus my work of protecting banks against unreliable salesmen later developed into protecting the entire building, vaults, etc., against fire, burglars, and bandits. This division of the Gamewell Company also manufactures a high-grade motor, which is both exceedingly efficient and quiet. It is used in automatic piano-players, business machines of all kinds, and especially in connection with ventilating systems, air conditioning, and other classes of work where reliability, quietness, and economy of operation are important factors.

IMPORTANCE OF VENTILATION

Space does not permit a discussion of details, but I must say a word about ventilation. From the time that I was stricken with tuberculosis I have been greatly interested in the effect of air on the health and efficiency of individuals. Statistics show that this air must not only be "fresh," but must also be kept in motion. In the last chapter I showed the tremendous loss through common colds. Physicians are coming to believe that the lack of proper ventilation and humidity conditions are a principal cause of the common cold. The air we breathe has a direct effect on the blood, which, in turn, builds up or reduces the resistance of the membranes of the nose, throat, and internal tissues. It is becoming more evident every day that the air we breathe is an important factor, in connection with cleanliness inside and out, in determining our efficiency. Those who doubt this statement should get in touch with Johns Hopkins University, at Baltimore, Maryland, or with the University of California, at Berkeley, California, and secure the official reports on this subject.

Studies which were made at the University of California and published in 1934, explaining the experiments with certain government military men, are exceedingly interesting. Certain men who were subject to "colds" were housed together in one fairly small but especially air-conditioned room. They were then subjected, in divers ways, to contagion from those having a common cold. They were compelled to use common drinking-cups and eating-utensils, and were even subjected to germ inoculation. Yet these men did not catch cold so long as they breathed proper air. When, however, these same men returned to their homes, they would have colds continually, one after the other, throughout the winter. It is further said that these men, when in their homes, would get "colds" by an inoculation diluted 15,000,000 times! The importance of breathing proper air is also forcefully illustrated by this fact: *Whereas food supplies only forty per cent of a man's daily energy, the air he breathes supplies sixty per cent.* Hence you can readily realize my intense interest in this newly-developing feature of protection. My interest was increased when I learned of the great importance of removing the contaminated air and bringing in air which has been purified either by sunshine or violet rays. Only such air is really "fresh" and free from dangerous germs.

AUTOMOBILE ACCIDENTS

Since the invention of the self-starter for the automobile, which resulted in having it used equally by both sexes of all ages, the loss of life through automobile accidents has increased enormously. The annual accidents in 1909 were less than 5,000, but these later increased to over 1,000,000, most of which would have been avoided by proper and sufficient traffic signals. Hence I was pleased to have the Gamewell Company purchase, on March 10, 1929, the assets of the Harrington-Seaburg Corporation, which is now being operated as the Eagle Signal Corporation. This company is now providing about twenty-five per cent of the street traffic signaling devices of the country. It installed one of the most complicated systems for the famous Loop in Chicago.

The Eagle Signal products are perhaps more expensive than those of some competing companies, but I believe they are the most reliable. Reliability should be the main consideration in purchasing traffic signals. Failure to show a red light at the proper time is a breeder of accidents, and failure to show a green light unnecessarily develops into an awful nuisance. Expense should be of secondary consideration in the selection of a fire-alarm system, a sprinkler system, or coin parking meters of which I was one of the originators. In this connection, readers may be interested in the following list of causes which result in ninety-five per cent of the automobile accidents:

Too fast driving.
Failure to slow down at intersections.
Failure to keep to the right.
Passing the car ahead with view obstructed.
Failure to slow down for pedestrians.
Passing on the right of vehicle ahead.
Parking at dangerous spots and careless backing.
Faulty tires on front wheels.
Driving with one hand with girl in car.
Faulty brakes and careless braking to cause skidding.
Defective vision at twilight or night.
Failure to slow down when passing from one type of road to another. (Thirty per cent of the accidents are caused by cars being driven too near the outer edge of the highway.)

The total loss from automobile accidents now amounts to $2,500,000,000 annually. Liquor is a basic cause of most of these accidents.

FUTURE OUTLOOK

It will be seen, therefore, that the interests of the Business Statistics Organization have greatly broadened since the days when I peddled my Composite Circulars and Reports to protect banks and investors. My time has been given more and more to the general problem of national protection of all kinds. A large proportion of our earnings was continually being used to increase our holdings in the Gamewell Company, and, later, insurance companies. We became greatly disturbed with the tremendous handicap to the character, health, and happiness of the American people that results from needless carelessness. When the losses from foolish investments, preventable business failures, unnecessary sickness, fire and automobile accidents are all added together, we find a sum totalling about one-tenth of the total annual income of the United States. So much for another phase of actions and reactions.

Those who are interested in following up these statistics should read the book by Stuart Chase, entitled *The Tragedy of Waste.* The field is certainly enormous, but the harvesters are few. Why it is so difficult to arouse greater public interest in these wicked wastes is beyond my comprehension. Let me add that you, the reader of this book, may be the next one to be bankrupted, infected, burned, or maimed. Whatever our wealth or station, we and our children are safe against financial, contagion, fire, and automobile losses only as the children of all others are likewise safe. This means that it is to our own "selfish" interests to protect every one in the community in which we live against these needless losses of life, limb, and property.

Looking into the future, I believe there will be a great development along these lines in connection with job insurance. If one's house burns down, insurance can be collected which will fully protect the mortgage and often compensate the owner for his loss and trouble. If, however, the mill, factory, or store burns where he is employed, he is automatically thrown out of work perhaps for an indefinite period. Often the plant is not rebuilt in the same city, and usually the opportunity is seized to weed out the older employes. I therefore visualize the time when banks and mortgage companies will make preferential loans to those who are employed in well-protected plants. Many loan companies may refuse to make loans except to families employed in such plants. Already the protective appliances used by a firm are considered by Dun and Bradstreet in rating the firm as a financial risk. This same equipment will some day be considered when rating the employe.

Chapter XVI

SELLING ABROAD AND WORLD PEACE

REFERENCE has already been made to our going abroad to learn what we could of the Law of Action and Reaction as first promulgated by Sir Isaac Newton in the year 1687. Our trips were exceedingly interesting and marked the beginning of our collection of Newtoniana. Mrs. Babson now has one of the most valuable collections of Sir Isaac Newton's books in this country. We had at last reached a point where we could live on our income and, being free from debt, were not obliged to take orders from either creditors or clients. We resolved to devote the rest of our lives to rendering protection and making this a safer, as well as a better, world in which people might live. We went to Europe in the same spirit that physicians, surgeons, artists, and musicians travel abroad.

For our first trip we sailed from Boston, March 20, 1906, on the Cunarder *Ivernia,* landing in Liverpool. On this trip we visited points of interest in England and on the Continent much as tourists did. It laid the foundation for the other trips that followed. For our second trip, we left October 6, 1908, again sailing from Boston on the Cunarder *Ivernia* for Liverpool. This trip was devoted wholly to work in London, Paris, Amsterdam, and Berlin. For our third trip, we sailed from New York, February 16, 1910, for Naples, on the White Star vessel *Adriatic*, and arrived in Naples March 1. This was a hurried trip, because we wanted to get home to help at the office. For the fourth trip, we sailed from New York on November 30, 1912, for Naples, and returned home the following January. We have been abroad many times since on *Babson's Reports* work.

FOREIGN BUSINESS

On my first trip I found that one needed introductions to make the proper contacts abroad. Therefore, preparatory to the second trip, I secured a large number of introductions from New York firms. I systematically made a list of the English and European firms which I desired to visit. These I wrote to ascertain who were their New York correspondents, knowing that these correspondents were probably clients of our organization. I then wrote these New York clients of my contemplated trip and asked them for a letter of introduction to their London, Paris, and Berlin correspondents. The plan worked wonderfully, especially in England, where all spoke English. I am proud of those days, as I did some remarkable selling. *Babson's Reports* then consisted of the Babsonchart and bulletins; our Supervised Lists were just beginning to develop. I personally sold this new service to the best of these foreign firms. How I did it is beyond explanation. Shoe leather and doorbell-ringing were, however, important factors.

I shall never forget my discovery that it was necessary to dress up and wear a silk hat when calling in London at "the City," which was the part of London where these banking houses were located. I thereupon purchased a silk hat, together with a Prince Albert coat, and masqueraded in these from nine in the morning until six at night. Those were great days. I worked hard and was perhaps too insistent, but returned on each trip with a mass of orders. When the war broke out in 1914, twenty per cent of our clientele was in London, Paris, and Berlin. On my last trip, I arranged for definite agencies in these three cities. Our London office was at 54 Threadneedle Street; the Paris office at 22 rue de la Banque; and the German office in a large building on Unter den Linden Strasse. For the two years preceding the war, *Babson's Reports* were cabled to London, from which city the European service was mailed. This enabled our clients in England and on the Continent to receive our reports on Monday morning, as did the clients in this country. During the war many of these foreign clients were killed, and others were ruined financially. As a result our foreign business rapidly declined during and after the war.

ENGLISH BANKERS

England was a wonderful country in those days. Her financial leaders were men of fine character, great physique, and indomitable courage. My New York banking friends had made a lot of money since 1898, when I first became acquainted with them, but they had no such background as had these English bankers. The New Yorker often is like the proverbial rocket, which goes up with a flare and comes down as a stick. The Englishman may be compared to the sturdy oak, which grows slowly but persistently. Their banking buildings were obsolete, their offices dingy, and the furniture simple; but on the walls were the oil paintings of three or four generations who had always stood for integrity and courage.

These banking offices were heated only by open fireplaces, which were also used for heating water for afternoon tea. There were few typewriters and almost no adding-machines. Quill pens were still being used, and speaking-tubes instead of interior telephones. These English bankers, however, were hungry for knowledge, and listened earnestly to my explanation of our service. Their initiative and courage especially impressed me. They believed in free trade and free speech, and in the survival of the fittest under all conditions. This was illustrated by their willingness to allow socialists, communists, and even anarchists, freedom to speak at Hyde Park every day of the week. I loved the England of those days. If America had not entered the war, I would have gone over and given them a lift myself, enlisting in the British army.

ENGLISH COUNTRY LIFE

Although these Englishmen had shabby business offices, their homes were quite different. They all had dignified homes or apartments in London, and most of them also owned beautiful country estates. Often an old castle would form the nucleus of such an estate, and each estate would run from five thousand acres up. Mrs. Babson and I were invited to spend week-ends at these country places. I especially remember the visit to the country estate of Robert Fleming, a London banker who reorganized our own Atchison, Topeka & Santa Fé Railroad when neither New York nor Boston bankers had the courage to do so. We took a train out from London to a little station, where we were met by Mr. Fleming's motor-car, in which we rode to the gates of his estate. Those were some gates! On each side of the entrance was a large stone tower. Upon our arrival, guards dressed in a red uniform ran down each tower, opened the great iron gates, and saluted as we passed through. Then they blew trumpets to notify any who might be walking in the private roadway. Those English people were all great walkers. We followed this private roadway through the woods for two or three miles before we reached the great brick mansion where we were to spend Sunday.

Upon our arrival our bags were snatched from us and we went into the great living-room. Suddenly in came Mr. Fleming's daughter, with twelve massive dogs. I shall never forget her and those dogs. After going upstairs, we were much disgusted to find that our bags had all been opened and everything taken out and put in places where we could not find them. My indignation was further aroused when a valet came up and said he had instructions to give me a scrubbing! It was not one of those old country mansions with forty chambers and only one bathroom, and that in the next county! However, Robert Fleming had a great time on week-ends serving as a country squire, with his fields, gardens, cattle, hogs, chickens, and literally hundreds of servants. Sunday afternoon we went for a motor ride, and I was greatly impressed by his excusing himself and leaving us in order that he could walk home alone and get his daily exercise. The Englishmen of that generation were natural fighters. They fought for integrity; they fought for physical strength; and they fought for business. They enjoyed their work at the City, and they surely enjoyed their week-ends in the country.

FRENCH BANKERS

The Paris bankers made an entirely different impression on me. They were courteous, but they had neither the mental background nor the breeding of the English bankers. Their offices were far more elaborate and their country houses were more beautifully furnished, although they did not have such large estates as the English bankers owned. It was evident that the French were interested primarily in a quick turn, while the English played for the long pull. The French were kind to us and invited me to give an address on my work at the University of Paris. This I did, reading in wretched French a paper which I had prepared with the help of a translator. I remember attending a banquet on one of these trips at which I sat next to the Chinese ambassador to Great Britain. I was introduced to him as "comes from America." He asked from what city, and I replied, "Boston." Apparently he had never heard of Boston, for he asked, "Is Boston anywhere near Wellesley?" As I was living in Wellesley and had only mentioned Boston thinking he had never heard of Wellesley, this was very interesting. It turned out that he had a daughter at Wellesley College!

Even in those days the French had an inferiority complex. They were fearful and entirely lacked the courage which was so manifest in England. Their birth rate then was falling off sharply. I tried to show them by charts what the results of this would be. They merely smiled and shrugged their shoulders. Of course I was handicapped by inability to speak French well, but I finally got an interpreter, and we closed a lot of business. Whether or not France learned a fundamental lesson from her wars I do not know. The fact that she is devoting so much time to politics, rather than to her birth rate, makes me feel that she has not learned her lesson. Security comes only through courage, sacrifice, and eternal vigilance. The French people are too soft. Action and reaction!

CONTINENTAL BANKERS

I had no trouble in doing business in Amsterdam. There were not many firms, and they all gave me a good reception. In Amsterdam it was then the custom for a banker to live in the same building with, but above, his banking offices. Thus he was available at all times of day or night. I could do a lot of calling there in a short space of time. My greatest difficulty came when attempting to sell the Germans in Berlin, Hamburg, and Frankfort. They surely were a cocky crowd. They argued with me and attempted to ridicule me. I secured some business in Germany, but my trips ultimately resulted in certain Germans taking my ideas and starting services of their own. The German banker was different from either the English or the French banker. He had a custom, for instance, of making me wait for about an hour in an anteroom without a window. This surely used to annoy me; for both in London and Paris I was immediately received as soon as my introductions were presented.

The German bankers were haughty, self-important, and certainly thought that they knew all there was to be known. To think of what has since happened to those bankers, and in fact to the entire nation, makes me shudder! I certainly hope it will be a lesson to Russia, which today apparently looks upon the rest of the world as Germany did in 1913. I instinctively felt during those days that Germany could not be trusted. I hope that she has since learned her lesson that real prosperity must have character as a foundation. Those German bankers felt that the world is ruled by statistics, when, in fact, it is ruled by feelings. The German people believed that money, machines, and powder could do anything. What they think now I really do not know. In a general way, I found the same spirit in Austria, Italy, and most of the Continent.

TACKLING SOUTH AMERICA

After the war broke out, Mrs. Babson and I turned to South America. We had already visited Cuba, the West Indies, and had touched at Colombia, South America. In 1915, however, we took a real South American trip. We went down the east coast of the United States and through the Canal, down the west coast of South America, around the Horn, and up the east coast of South America. We had some excellent letters of introduction, and were received as guests by the presidents of most of those South American republics. We were lavishly entertained and secured a large amount of information. With me the Paramont Company sent a complete movie-camera installation and a special operator.

In 1916, I was sent to Central America by the United States Government, or specifically by the Secretary of the Treasury, William G. McAdoo. While there, Mrs. Babson and I purchased a large property in Guatemala City to start a school for training the sons of our clients in Latin-American trade. Those were the days when I had courage and ambition! Fortunately, before we got the school in operation, an earthquake came and razed it to the ground. Surely I could write a book on our experiences in Central America and, in fact, in all Latin-America. That southern continent is rich in natural resources, but weak in manhood. There is now no middle-class south of the Panama Canal; and in those days there was none south of our Rio Grande River. Everyone was rich or poor.

Our clients owe much to these trips, because they prevented us from recommending a Latin-American bond preceding the 1929 crash. Although pressure was put upon our organization during the post-war period to recommend these Latin-American securities, we consistently refused. Our organization, in fact, stands almost alone in having then recommended no foreign bonds, with the exception of the Dawes and the Young German loans. These, however, we sold clients out of at a profit, although later both of these issues defaulted. As long as so many opportunities for security and income exist in the United States, I see no possible reason for American investors sending money out of the country. These various European and South American trips did result in my forming the Society to Eliminate Economic Causes of War, the story of which I will now tell.

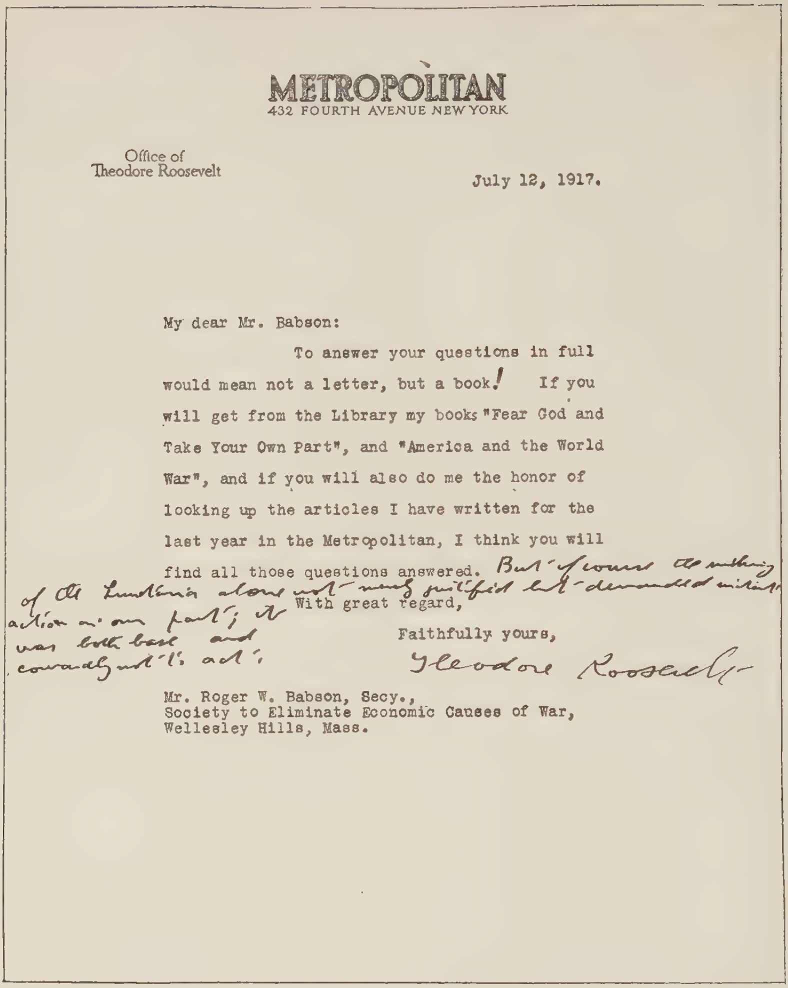
CAUSES OF WAR

In the fall of 1914 a few members of the Wellesley Club, when coming out from Boston in the train after a monthly meeting, discussed the economic causes of war. From this discussion there resulted an invitation to those in Wellesley who were interested to meet and talk over plans for world peace. Two preliminary meetings were held. Finally, on January 9, 1915, a Statement of Principles was adopted and the Society to Eliminate Economic Causes of War was organized with a membership of about forty. The president was Mr. Isaac Sprague, president of Harris, Forbes & Company, of Boston, a Wellesley resident interested in every activity for the good of the world. I was elected secretary, and the board of nine directors included Miss Pendleton, president of Wellesley College, and Miss Orvis, head of the History Department of Wellesley College.

As this group would not be classified as a "peace society," considerable tact was necessary to carry on its work without creating jealousy or appearing to duplicate the praiseworthy actions of others. Naturally, the first move was to get the Principles before the public. Accordingly, a drive for members was instituted. These members were urged to distribute, with their regular correspondence, slips on which the Statement of Principles was printed. The response was good, and thousands of slips were sent out in this way, resulting in many inquiries and much interest. This Statement was also copied in numerous papers and was, to a great extent, incorporated in the Peace Platform of the Massachusetts Federation of Churches. Here is our Statement. Although it was not published until January, 1915, it is substantially what I wrote out in Lausanne, Switzerland, two years previous, or *before* the World War broke out.

PREDICTING THE LEAGUE

> The surest way to prevent war is to remove the temptation to war. This can best be done by providing the means by which nations can secure and retain peacefully, through some representative organization, the ends which they would otherwise seek to secure through war. Although the world cannot remain *in statu quo*, there must be a more efficient means of bringing about changes than by resort to war.
>
> It is generally agreed that the causes of war in modern times are largely matters of territory, immigration, and trade. If some method can be found by which international trade routes shall become neutral, and further unfair legislation by one



METROPOLITAN
432 FOURTH AVENUE NEW YORK

Office of
Theodore Roosevelt

July 12, 1917.

My dear Mr. Babson:

To answer your questions in full would mean not a letter, but a book! If you will get from the Library my books "Fear God and Take Your Own Part", and "America and the World War", and if you will also do me the honor of looking up the articles I have written for the last year in the Metropolitan, I think you will find all those questions answered. But of course the sinking of the Lusitania alone not merely justified but demanded instant action on our part; it was both base and cowardly not to act.

With great regard,

Faithfully yours,

Theodore Roosevelt

Mr. Roger W. Babson, Secy.,
Society to Eliminate Economic Causes of War,
Wellesley Hills, Mass.

Letter received from Theodore Roosevelt on the subject of world peace. I had the pleasure of mentioning this letter to his widow in Brooklyn, Connecticut, on July 28, 1935.

nation against another shall cease, a long step toward the elimination of wars will have been taken.

A league or association of nations should provide security and opportunity for all, eliminate the necessity for the control of immigration, trade, and other barriers by any one power, and the opposition to such control by any other. It would provide an incentive to states to combine. Commercial alliance appeals where political alliance does not.

This may involve the yielding of some so-called sovereign rights; but this is more than offset by an ultimate advantage of almost incalculable value. Unless nations are willing to join in a movement for international protection, they must continue to compete in expenditures for national defense. There is no half way ground.

Directly after the formation of the society, I conceived the idea of bringing about a constructive international conference of manufacturers, bankers, and other business men, to discuss the possibility of some sort of league of nations. The first conference was held in Independence Hall, Philadelphia. After a trip by me to Philadelphia to see the Hon. Rudolph Blankenburg, then mayor of Philadelphia, who heartily favored the plan, it was decided to confine the conference to commercial interests of the Western Hemisphere. We determined to have this gathering follow the Commerical and Financial South American Conference to be held in Washington on May 10, 1915.

At Independence Hall, on the morning of June 1, 1915, delegates from thirteen American nations met in the simple Declaration Chamber of this historic building, one hundred and thirty-nine years after our Declaration of Independence was signed in that very room. Mayor Blankenburg's address was an appeal for a league of nations for which the Society to Eliminate Economic Causes was working. The conference adopted a Declaration of Independence that we, with the help of George Horace Lorimer, then editor of the *Saturday Evening Post,* prepared.

DECLARATION OF INDEPENDENCE HALL

Considering that it was adopted long before the Versailles Treaty, I am truly proud of this document. Here it is:

> At various times in the course of human events it has become necessary for men to combine for mutual protection and welfare. Thus far such movements have been within nations; but it has long been felt that the time would come when all the nations must unite for one grand purpose.
>
> We hold these truths to be self-evident: that all nations are endowed with certain inalienable rights; that among these is the right to protect and develop the life, liberty, and happiness of their peoples; that to secure these rights customs have become established among nations, deriving their sanction from the consent of the nations. Such customs are intended to enable the nations of the earth to carry on international affairs and commerce in harmony. When, however, existing customs fail to accomplish these ends, it is the right of the nations to alter or to abolish them, and to institute an inter-nation, shaping its powers in such form as shall seem to them most likely to effect their safety, happiness, and prosperity.
>
> Customs long established should not be changed for light and transient causes. Accordingly, all experience has shown that mankind are more disposed to endure while evils are endurable, than to right themselves by abolishing the forms to which they have been accustomed. But when established usage has failed to preserve harmony among the nations, to secure them from assault by their neighbors, and to afford full opportunity to all nations for human and material development, then it is the duty of the nations to organize a representative inter-nation, with power to make and to enforce international law.
>
> We, therefore, citizens of many nations, assembled without representative authority but as men and brethren, declare that the same principles of co-operation and democ-

racy which prompted our brethren to meet in Philadelphia one hundred thirty-nine years ago, are fundamental and should be applied to dealings between nations as at that time to dealings within a single nation; that the same spirit which then enabled thirteen separate colonies with independent armies, tariffs, postage and other sovereign functions to form a political union, will now enable thirteen or more nations to inaugurate a new form of friendship.

We repudiate both the spirit of forceful aggression and the *status quo* doctrine. We declare our belief that the happiness of one people cannot be founded on the unhappiness of another, nor can the prosperity of a nation be built on the ruins of a weaker state. We hold that there must be equality of opportunity for nations as for individuals, and that the seas must be free for all interests. We recommend, as a first step towards attaining this end, the establishment and use of an international trading flag. We most earnestly hope that the head of some great government will soon call the nations together to decide what purposes and forms of activities can immediately be protected by such a flag. We believe the need is so great at this tragic time that all peoples will unitedly respond.

This declaration was received enthusiastically by the delegates, and it was voted that the document be transmitted to the governments of all the nations represented. This was done. Before my descendants ever go to war, I trust they will read this Declaration and make a study of birth control. The chief economic cause of war is needlessly excess births and lack of power. Hence my constant interest in the harnessing of gravity which would assure sufficient food, clothing and shelter to everyone everywhere.

After the meeting in Independence Hall, the whole party went to the Betsy Ross House. In the back room where Betsy Ross is said to have made the first American flag, there was presented to the Hon. Andrew J. Peters, Assistant Secretary of the Treasury, a beautiful white silk banner, with one large blue star in the center, and bordered with gold fringe—a proposed flag for this league of nations alluded to in the Declaration just adopted. This flag was made and presented by Miss Sarah Wilson, a great-granddaughter of Betsy Ross. Smaller silk flags, and little pins, exact copies of the large flag, were given to the delegates. At our banquet in the evening addresses were made by prominent men on Internationl Trade, on An Inter-Nation Bank, and on The New Flag.

As Secretary for the Independence Hall meeting, I sent to the different Latin-American governments certified copies, in Spanish, of this Declaration of Independence Hall. Several governments at once took official action and others did so later. Had it not been for the fact that the war swallowed up all other interests, probably there would have been more endorsers. At any rate, I am proud of this contribution which—during the heat of World War I—we made for real peace. Although, at many times since, the dream has almost vanished, I know it will some day come about.

AGGRESSIVE CAMPAIGNS

In the summer of 1915, a committee of ten Supporting Advisers was secured by me, and a campaign of publicity through extensive advertising and public speaking was instituted. The workers in this campaign became convinced that the Statement of Principles of the society presented a point of view comparatively new to most people, but that, when understood, these ideas appealed. At the time, however, the terrible conflict in Europe was raging. Most business men were interested only in war and preparedness therefor. Hence our campaign was reduced to preparing the way for intelligent discussion of peace terms when hostilities should cease, and in sending out literature in the effort to interest people in the principles embodied in the society's Statement.

One year after the formation of the society, a three days' conference was held. The annual meeting, with dinner at the Wellesley Inn, occurred on January 8, 1916, with the usual business and discussion. Sunday afternoon, January 9, in Wellesley Hills, there was held an open meeting at which President Sprague presided. Interesting letters were read from the Presidents of several South American nations officially indorsing the Declaration of Independence Hall. The principal address of the afternoon was by the Hon. Salvador Martinez de Alva, of Mexico, on "The Attitude of a Latin-American toward the Proposed Inter-Nation Trade Flag." The third session of the conference was held in Faneuil Hall, Boston, on January 10. There was an audience of between three and four hundred, including members of the state legislature and the Boston Chamber of Commerce, and other prominent business men. The subject of the meeting was "The Economic Effects of the European War." Addresses were along the same lines as those given in Philadelphia. All of these meetings were the result of my personal endeavors, assisted by Miss Julia Orvis, of Wellesley College, and my sister-in-law, Miss C. J. Knight.

MONTHLY BULLETINS

The campaign for publicity and members was continued. In August, 1916, the society issued its first bulletin, entitled "Principles Which Must Guide Nations." These bulletins were sent out every month for some years, and among the contributors may be found many names nationally and internationally prominent. The membership of the society had by this time increased to many thousands. With each monthly bulletin was sent a slip which read: "Members may aid in the work by here writing the names and addresses of persons to whom we may send a copy of this bulletin." Many members responded to this request and the names thus obtained formed a valuable list for circularizing, and added new names to the membership. Also, many members were still continuing the practice of sending the Statement of Principles with their regular mail.

During the same summer, 1916, the society unofficially, under the name of "A Group of Wellesley Citizens," issued a prospectus regarding the use of stories in schools, from which the following is quoted: "This plan has been devised by a group of Wellesley citizens who are interested in the rational development of sound character in the public schools. It is based on what they term the 'Wellesley Idea,' which is this: *That Sir Isaac Newton's Law of Action and Reaction operates in the phenomena of human life precisely as it does in the phenomena of natural science.* Thus, every sentiment and emotion develops reactions which ultimately result in war or in peace." These stories were used in a number of schools, but our entrance into the war so dominated thought and feeling that the use of them was not pressed after the first year.

MESSAGES TO SOLDIERS

In the summer of 1917 I prepared, with the approval of President Wilson and the sanction of the Department of War, a little booklet containing the President's views on "How to Make the World Safe for Democracy." This booklet was entitled *Why Are We Fighting?* and was distributed to soldiers at all the large camps. Subsequently, these booklets were distributed officially by the government, through the regimental and company officials. So far as I know, this was the only society granted such a privilege by the United States Government.

Upon the signing of the Armistice, by the advice of the Secretary of War, the society compiled a list of the various societies interested in internationalism and prepared a symposium of their latent power and possibilities. This report showed that there were twenty-one societies, some called peace societies and others by other names, most of which had, in their printed principles, a declaration in favor of a League of Nations. Some of these societies had been in existence for fifty years. All together, they represented a large number of people who must have exerted considerable influence. With a few exceptions, however, they were dormant. Letters were written to these societies with the idea of having a joint meeting and combining the efforts of all in a united campaign to interest the American people in the League of Nations. This campaign consisted of congresses in the various cities from the Atlantic to the Pacific. Our society cooperated with this movement in an effective way.

END OF OUR WORK

Since those days my activity along such lines has largely ceased. Other "peace" associations gradually adopted our ideas. Most members of our Society to Eliminate Economic Causes of War became interested in these newer societies, which, in many cases, were endowed. Another reason for my giving up the work should perhaps be mentioned. My group was not made up of preachers or many college professors, but mostly of hard-headed, practical business men. These business men recognized clearly that the principles of our little society were sound. They knew that the ideas of most pacifists were both impractical and dangerous. Therefore they rallied to my international program as they had rallied twenty years before to my economic program. Unfortunately, however, the business of most of these men was definitely dependent upon tariffs, immigration restrictions, control of trade routes, and various other things which we knew must be broken down before the world would ever enjoy peace. In their libraries they were whole-hearted members of our little society, but in their business they were unconsciously traitors to our principles.

How long the world must continue along selfish, nationalistic lines I do not know. Statistics, however, do teach that world peace will never be brought about by great armies, more battleships, or even huge fleets of airplanes. World peace will be brought about only by extending equal opportunities to the peoples of all nations who meet a certain character test and observe certain rules. My townspeople probably look back upon this experiment in internationalism as one of my follies, but I am not licked yet. If the plan does not win during my lifetime, I hope my children and grandchildren will "carry on."

A CONFESSION

In connection with the story of this society, I must acknowledge my indebtedness to Mr. Isaac Sprague, who was then both president of the society and chairman of the board of the banking firm of Harris, Forbes & Company. There was a period during World War I, before our country entered, when the German ambassador to the United States made a very effective drive to get control of our little society. He did this through the owner of a large newspaper which had always been friendly to me and which I later learned was probably owned indirectly by the German Government. The German ambassador had sense enough to know that no amount of money would directly purchase our group, but I was employed to write articles by a newspaper syndicate at a high price, which later I felt to be a form of bribe. Other members of the society also came near being misled through business contacts and subtle movements by the German Embassy.

One morning about four o'clock, when I was staying at the Bellevue-Stratford in Philadelphia, I had a telephone call from Isaac Sprague, who was keen enough to see through the whole scheme. He had the courage abruptly to cut off all negotiations. Although Mr. Sprague and I in later years differed on several problems, I shall eternally feel grateful to him for then saving me from that nefarious German net. This experience greatly shocked me and was probably another reason why I hesitated actively to push the work. Looking back thereon, I wonder how many other good causes are bought or checked by such methods. Moreover, so long as such unprincipled people are so powerful, how can a League of Nations or a United Nations really function? World peace will come only as the Spirit of Jesus grows in the hearts of man and as the principles of birth control are taught to overcrowded nations and the latent power of gravity is used as freely as air, water and sunlight.

In 1938 Mrs. Babson and I went again to Europe and I was in Munich the famous day when Hitler and Chamberlain met. In 1939 we went to the Orient, visiting Japan, China, and the Philippines.

Chapter XVII

EXPERIENCE WITH INDUSTRIAL DEMOCRACY

MY FATHER often said: "The chief difference between a man and a boy is the expense of his toys." Although Mrs. Babson and I have been economical in our living, we have had a few expensive "toys." Among them may be mentioned our three educational institutions, our winter home at Mountain Lake, Florida, and our experiment with industrial democracy. This last we tried in our business from January 1, 1916, to December 31, 1924. Without doubt, most of the money passed out on those Christmas Eves did a large amount of good. It bought furniture and, in some cases, houses; it paid overhanging doctors' bills and even mortgages on homes. From this point of view, the distribution of those sums of money did much good. Hence I am glad that we tried the experiment notwithstanding its unfortunate ending.

As for increasing efficiency, our experiment in industrial democracy was a flat failure. It may also be said that the plan created much hard feeling. Mrs. Babson and I made more enemies and fewer friends by it than we would have made if it had not been started, although this should be no excuse for giving it up. I often wonder what the employes themselves thought of it. Did they think it a success or a failure? Did they think us a Santa Claus or a fool? Whatever they thought, we know that no one of them would himself have "wasted money" in this way. At any rate, it is one of the outstanding failures of my life. Although operated with the best intentions, it was a complete flop. The community was not ready for it. I would not tell of it except for my desire to help other employers who may have similar good intentions. Perhaps "industrial democracy" will some day become general; but the workers must be better prepared for it than they were when Mrs. Babson and I tried it during those nine hectic years.

WELL-MEANING PLANS

This plan of industrial democracy consisted of far more than the mere distribution of money. It was based on a sort of an employe control of the business by the employes. (I use the word *sort* because if it had been *real*, the entire business would have gone to smash.)

The organization was "governed" by the following three groups:

The *Cabinet*, which met daily at 11 A.M., to discuss current matters. This

Cabinet consisted of the officials of the organization and the heads of the Personnel Department and of the Service Department.

The *Senate*, which was composed of the heads of all departments, and the officials. This Senate met once a week, or at the call of the secretary, to discuss any matters desired.

The *House*, which was composed of all employes who had been with us two calendar years. This House met approximately every two weeks, on Wednesdays at 11 A.M., in the auditorium of the Babson Community Building. This was known as the "Co-operator's Meeting." All employes were referred to as "the crew."

The above was supplemented by a Sick Bay Committee. Concerning this I now quote from the "Constitution" as follows:

> This Committee is composed of one representative from each department in the Organization. A chairman is elected by the Committee and holds office for six months. At the expiration of that time, the chairman automatically retires from the Committee and a new member is chosen from the department, together with a new chairman for the Sick Bay Committee.
>
> This Committee takes action in the matter of whether or not pay shall go on for members of the Crew who have been absent more than two weeks, but who are up and convalescing. Careful study is to be given to all the facts of the situation, including loyalty to the department, record in upholding and carrying out the policies of the Organization, willingness to perform necessary overtime work, essential character of position, and other considerations.
>
> To the Sick Bay Committee is also entrusted the important mission of remembering those who are ill and letting them know that the Crew is thinking of them and wishing them a speedy recovery.

In addition to the above, we operated a free hospital under the direction of Miss Nona M. Dougherty and Miss Alice Cavanaugh, both of whom were registered M. G. H. graduate nurses. We also operated a free dental clinic under an experienced dental hygienist; and a free eye clinic for the fitting and adjusting of eyeglasses under Dr. Frank Bliss. We were pioneers in getting necessary legislation to permit this work to be carried on outside of a registered doctor's office.

We also had a system of examinations which we tried to use as a sieve so as to employ only worth-while people. In view of the large sums being "given away" as salary bonuses, we were stampeded by people wishing to leave other employers in order to come with us. (In this way the plan was unfair to other employers who were just as efficient but who had not been so lucky as we had been.) Incidentally, the only person who ever passed one of these examinations with a one hundred per cent mark was Oscar S. Pulman, who in August, 1934, became the president of Babson's Reports, Inc. These examinations were supplemented with daily report cards.

SYSTEM OF EXAMINATIONS

To tell you about our examinations, let me again quote from the "Constitution" as follows:

> The Cabinet feels that the distribution under the Babson Plan is becoming too important a matter to treat lightly. We cannot afford to accept anyone as a full member without knowing him or her thoroughly. Thousands of dollars are distributed annually and only the most worthy and loyal should share in this distribution. Therefore, the following system has been evolved: Once in two months the department heads will make a written report to the Cabinet on the individual work of every apprentice. These reports will be similar to those made by teachers relative to their students in schools. They will take into consideration the loyalty and interest shown, the grade of work done, punctuality, and attendance. Thus, during the two years of apprenticeship, it will be possible to eliminate those who have not the requisite ability, spirit, and sense of loyalty to the Organization.
>
> Those who do not do good work, and do not try to give the very best that is in them to the Organization, can also be dropped. Preceding graduation a written examination is given on the history, rules, etc., of the Organization, as well as on general subjects. In this way, at graduation time, when a class is taken into full membership, it will mean much more to everyone and to the Organization than the mere distribution of a sum of money. It will mean that these new members have passed real tests, that they have done good work in the eyes of the entire Crew, and that their spirit of loyalty and interest is unquestioned. Graduation will then be a real honor.
>
> If the work of any member, whether apprentice or graduate, seems in need of attention, his or her name is placed on the observation list and every effort is made

REPORT ON ....
Month of ....
1. Integrity
2. Industry
3. Intelligence
4. Initiative
5. Interest
6. Intensity
7. Punctuality
8. Neat Work
9. Reliability
10. System
11. Efficiency
12. Accuracy
13. Improvement
REMARKS:

....
Department Head

to bring about the necessary improvement. To avoid abruptly discharging employes when their work is unsatisfactory, the Senate has instituted this "observation list."

1. The employes will be put on this list by the Senate for a certain definite period.
2. The list will not be published.
3. The period during which "profit-sharers" are on this list will not be counted for them in their yearly bonuses. A deduction in proportion to this period will be made.
4. The period during which "non-profit-sharers" are on this list will not be counted toward the time of service necessary for graduation.

The above was good in theory; but it did not work. Friendship and relationship were placed before efficiency. The Crew and their representatives lacked the courage to do much necessary elimination.

FAMOUS QUESTION BOX

In addition to the above, we had many other features. Among these were dormitories for the unmarried people who were living away from home. The charge at these dormitories was two dollars per week per person, two in a room. We also operated a movie theater and a restaurant, in the Community Building which we erected. This contained an elaborately furnished reception and writing room, a small dance-hall and other conveniences. Those were great days! Money came easy and it went easy. Truly every man has a toy! Of all the features, the most troublesome was the "Question Box." The "Constitution" refers to this blankety-blank box as follows:

> There is a locked box in the hall of the Executive Building, on the counter by the switchboard, where all written unsigned suggestions, for increasing the efficiency of our work, *and also unsigned criticisms*, may be deposited. The box is opened before each Co-operation Meeting and the suggestions are read to the Cabinet. They are studied carefully and faithfully by the Cabinet. All questions which do not involve personalities are read by the chairman of the Co-operator's meeting, at 11 o'clock. These suggestions may be discussed fully by all graduates. All suggestions and criticisms which are deposited in the box are later recorded in a book and kept by the secretary, together with the answers.

I believe in *suggestion* boxes operated to develop new ideas. But our mistake was accepting and *publicly reading unsigned questions*. There is a vast difference between questions and suggestions. Due to our lack of experience, I felt we should not require either suggestions or questions signed. I thought we could get a freer expression by such a system. We succeeding in getting a freer expression, all right! The sad fact is that "free expression" was the main thing which this industrial democracy did bring about. In time, the employes stampeded one another to see who could ask the silliest and sauciest questions. However, I took my medicine. I tried to help them by fearlessly answering every question those employes asked. Of course, I may be old fashioned; but I believe until there is a real change in human nature a business cannot successfully be run by the employes.

Accepting unsigned criticisms was a great mistake. Any employer who thinks he will not get suggestions if he requires signing, simply needs to give a few prizes (from five to ten dollars) each month for the best suggestions. Then they will come in okay with the signatures. If I had had sense enough to do this, it would have saved me from a vast amount of grief. Such signed suggestions, with prizes, would have also given us some valuable ideas. Whether or not the signing requirement would limit the number of questions is immaterial.

If space permitted, I should like to tell of other features of this famous "industrial democracy," including the pensions, socials, plays, desk discipline, and fifteen-minute recesses. Every morning and afternoon the windows were opened and calisthenic exercises were introduced. We also once had a simplified spelling bug which I had caught from Melvin Dewey of Lake Placid, New York.

MARRIED WOMEN AND SPECULATION

Our method of treating married women was rather unique. This is described by the following quotation from the "Constitution":

> With the same thought in mind, it is unfair for a girl who gets married to expect to share in the profits equally with the girl who is devoting all her time and attention to the Organization. Moreover, our records show that the average period of service of our married girls is much shorter than that of the unmarried. Our success depends upon the continuous service of a large majority of our workers. It has therefore been decided that when a girl in the Organization gets married, she waives her right to participate in the "profit-sharing" and should plan to resign. This, however, does not affect those of the Organization who were already married and entitled to bonuses when this rule went into effect.

We also had a strict rule designed to prevent executives and employes from speculating. It may have worked so far as it applied to those on our payrolls, but it did not prevent their wives, brothers, and sisters from trying to beat our clients. This provision of the "Constitution" read:

> All members of the Organization are prohibited from buying stocks or bonds on a margin. Infringement of this rule will be grounds for dismissal. Any member, before buying or selling a stock or bond, must obtain an approval of this purchase or sale from Miss Marie Adams in the Accounting Department. This record, of course, is confidential and open only to the Cabinet. The purpose of this regulation is to avoid possible conflicts with the interests of subscribers to the "Speculative Bulletin" or the "Investment Bulletin."

Every year there was graduated a class of apprentices, who received their diplomas and became graduate co-operators. To be eligible for graduation, the apprentices must meet three requirements: (1) two full calendar years with the Organization; (2) satisfactory work during this period, as indicated by the regular report cards which are marked every two months by the department heads in cooperation with the Personnel Department; (3) satisfactory work on the examination to which I have already referred.

THE "GRADUATIONS"

The graduation exercises were originally held in the small assembly-hall; but this soon became outgrown. It was then necessary to use a large auditorium to accommodate the audience of relatives and friends, which often amounted to more than five hundred. It was the custom to invite to these graduation exercises guests of honor, representing banks and business organizations. People who attended these graduations remarked on the impressiveness of the exercises and the evident appreciation of the graduating class. Some seemed to believe that the occasion marked an upward and forward step in the careers of the graduates, but I wonder if it did. It was, however, an interesting event in the social activities of the Organization, with the accompanying music, flowers, graduation dresses, and all the other features. It also seems like a useless dream as I now look back upon it. It was too early for such an experiment and ahead of the times.

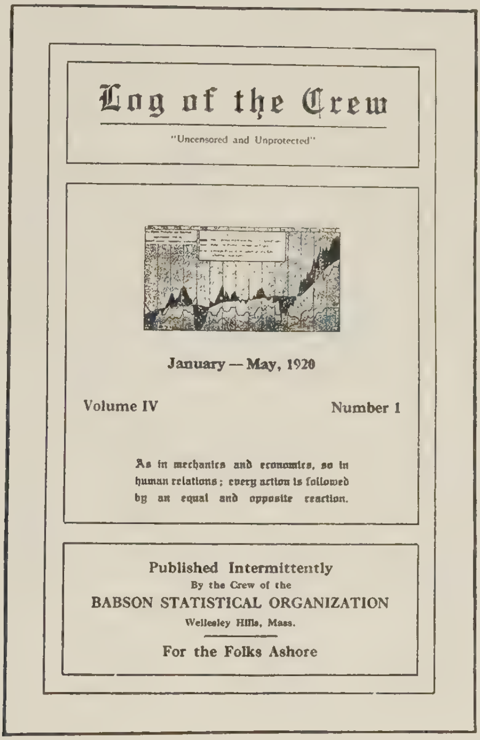
THE MONEY FEATURE

This brings me to the famous Bonus System of the plan. Most of the "Constitution" was a hodge-podge affair published in the *Log-of-the-Crew*, our monthly magazine. I, however, had the good sense to insist that the bonus feature of this document be prepared by an efficient firm of lawyers. This act saved the ship. These attorneys made the point that, although such a plan may read finely and be suggestive, yet *it must promise nothing definite and be for only one year at a time*. This last is important. To avoid tax difficulties, we were told never to use the words "profit-sharing," but only "additional salaries and bonuses." This was so that the money paid out could be charged to expenses. Here is the plan as it was finally published. This was before the name was changed to Babson's Reports Incorporated.

> The employes who have been with Babson's Statistical Organization, Incorporated, two full calendar years, in addition to their fixed salaries, may receive one or more additional payments which shall be charged to the salary account. Said additional payments shall be determined as follows, and shall be paid, except to members of the Senate, in monthly or quarterly installments during the year as the Senate may determine.
>
> 1. The "Base Line" shall be $12,671.16. The money represented by this so-called "Base Line" shall be a first charge on the net earnings and go directly to the stock-

holders. In determining what are these "Net Earnings" the decision of the Directors shall be final.

2. As a second charge, before the earnings for said year above this base line are divided, donations shall be made to the Babson Institute and any other corporation, association, individual or interest which the Directors desire to help. Reserves shall also be set aside, the amounts and purpose of each to be determined by the President.



Log of the Crew

"Uncensored and Unprotected"

January — May, 1920

Volume IV Number 1

As in mechanics and economics, so in
human relations; every action is followed
by an equal and opposite reaction.

Published Intermittently
By the Crew of the
BABSON STATISTICAL ORGANIZATION
Wellesley Hills, Mass.

For the Folks Ashore

Outside cover of *Log of the Crew*, the monthly magazine which was issued in connection with my profit-sharing experiment. It is from this magazine that the quotations in this chapter have been taken.

3. The remaining money shall then be divided into two equal portions, one-half for the stockholders, and one-half for certain employes and other helpers. The latter one-half shall be turned over to the Cabinet, consisting of the President, Vice-President, Sales Manager, Secretary, and Assistant-Treasurer, who shall serve as Custodians of this money. *These Custodians shall, after December 31, of said year, distribute this money according to their discretion.* A plan somewhat like the following is suggested for consideration:

(a) *That Five-Eighths be divided among all* (from President to the lowest-paid employe) *who have been with the Organization for the two calendar years directly preceding February 1, of same year.* This division of the fund may be proportional to income which each of the above-mentioned employes receives from the Organization, with the understanding that it shall not apply to that portion—if any—of one's income from the business exceeding $14,000 per annum, or such other maximum as the above-mentioned Custodians may deem advisable.

(b) *That One-Eighth be set aside as a Protective Fund* to be drawn upon by certain retired employes after reaching a certain age, and having fulfilled other requirements. It, however, is distinctly understood that no one has any claim upon any portion of this fund because he or she has contributed toward it, and that many may leave the Organization without receiving any benefits therefrom. It is further understood that this fund is handled for the employes by Trustees, and that Babson's Statistical Organization, Incorporated, Mr. Babson, and the other Custodians above mentioned are not in any way responsible for losses or uses of this fund.

(c) *That the Two-Eighths be divided as bonuses and gifts.* How these shall be allotted shall be determined by the above-mentioned Custodians; but all persons (except officials and department heads who have been with us long enough to come in on the five-eighths) are eligible for such, even though any of them has been with the Organization only a short while, or, in fact, is not a direct employe. (Such bonuses in excess of $50 may be distributed pro rata through the year, rather than in a lump sum in January.) Officials and department heads are omitted from the bonuses in view of the fact that they recommend distributions; but in lieu thereof each shall receive a flat bonus of 7%, or whatever the Custodians think best. No bonuses, however, shall be given to those who, for the first time, are receiving a portion of the above-mentioned six-eighths.

In the above plan, regular salesmen shall be entered as having "income" equal to what they receive as face commission on new business, plus their monthlies. An assistant salesman receives his money as follows: 1. The regular salesman for whom the assistant salesman works, pays the assistant salesman, when he is eligible, an amount equal to one-half of the money which said regular salesman receives during the year from this plan on business which the assistant salesman has secured. Neither Babson's Statistical Organization, Incorporated, nor the Custodians pay any portion of said money to assistant salesmen. 2. The bonus for an assistant salesman is recommended by the regular salesman and the Sales Manager and is paid 50-50 by the Custodians and the regular salesman.

Others in the field than assistant salesmen, such as office help, are paid on the amount of income received by those individuals from Babson's Statistical Organization, Incorporated. The bonus for office help is paid entirely by the Custodians.

4. Anyone accepting pay from other interests than the said Organization without turning the same over to the said Organization, and anyone who does not first use his or her yearly share to pay, so far as possible, his or her outstanding bills, may, by vote of the Custodians, not be entitled to any or all of the benefits of this plan.

5. Anyone leaving (this means voluntarily or involuntarily) the employ of the said Organization during said year, as well as women employes who marry, shall forfeit *all claim* to any of the above funds.

6. If any question arises as to the interpretation or application of any feature of the Plan, the decision of the President shall be final.

7. Later the year may be changed so that it will be from July 1 to July 1, instead of from February 1 to February 1; and the Cabinet reserves the right to extend that date for a period not exceeding 30 days.

8. The date of distribution, the method of distribution, and all details are wholly subject to the discretion of the Directors, who will announce the same on December 31, when the books are closed. Moreover, this plan is only for the next year. Whether there will be any plan in years to follow, or what such a plan may be, if any, will be announced from year to year.

OVER ONE MILLION DOLLARS

The following is a record of what we "gave away" during those years of experimentation. This division was only of that surplus remaining over and above the "Base Line" so called. This base line of $12,671.16 was the average of the net earnings for 1913, 1914, and 1915, after paying all officials and employes, including Mrs. Babson and myself, good salaries and setting aside liberally for depreciation and contingencies. This latter figure sometimes amounted to $120,000 a year. These sums during these nine years totaled $1,241,179.11.

To show what these figures totaled to certain single individuals, I will say that only one of our boys—one who came to work from high school in 1907 at ten dollars a week—received the following from 1913 to 1925. These sums totaled $227,305.33 for those twelve years to this *one* member of the "Democracy." Pretty good for a business started in a kitchen only a few years before!

	1914	1915	1916	1917
Salary and Commissions	$3,007.46	4,708.15	7,207.35	10,850.03
Additional			2,548.51	2,913.23
Totals	$3,007.46	4,708.15	9,755.86	13,763.26

	1918	1919	1920	1921
Salary and Commissions	$4,181.52	13,132.30	24,726.18	30,345.25
Additional	left for war	5,669.51	5,805.00	5,222.00
Totals	$4,181.52	18,801.81	30,531.18	35,567.25

	1922	1923	1924	1925
Salary and Commissions	$29,843.00	31,974.09	21,805.76	8,363.09
Additional	5,086.70	4,792.00	4,107.20	19.00
Totals	$35,929.70	36,766.09	25,912.96	8,382.09

THE EXPERIMENT ENDS

I give these figures partly in order to show the falling off in 1925. The trouble with "profit-sharing" is that it "works" only when it works one way. As long as profits go up, the employer is a good fellow and all goes finely; but when the tide turns and there is *one* bad year, then an organization is shot to pieces by dissatisfaction. I do not blame my employes. They had begun to count definitely on about so much annual bonus money. (It amounted to over fifty per cent of their salaries one year.) They planned their living and made their expenditures on this inflated basis. Hence, when this bonus money failed to come, they were panic-stricken. During the first year of falling off, they borrowed at some local bank or of some tradesman. Then when the following lean years came, they were completely swamped. They then blamed me for "leading them on," as they said.

Finally, the entire Industrial Democracy was given up in 1926. As a result we lost most of those older employes who had enjoyed its "dividends" and "privileges." Very few of these older employes are now as well off as if they had remained; but I can understand how they felt. They were a fine group, nevertheless, and I have a soft spot in my heart for every one, including the dental nurse who sued us for not properly including her! This case we fought through the Supreme Court of Massachusetts. It was the first "profit-sharing" case to come up in any supreme court. The decision should be read by all employers.

As I write this story, we have left only the hospital, the dental clinic and the pensions. This later is now even becoming a sore spot. All of us will be glad when it can be merged with some compulsory state pension plan. This, then, is the history of our "toy." We, of course, should have spent this money in reducing the price of *Babson's Reports*, instead of taking the money either for the stockholders or for the employes. Although we still have an excellent business, I know that we all—stockholders and wage-makers—would be far better off today if we had thought more of our clientele and less of our stockholders' dividends or of our "industrial democracy." In short, I believe in the goal of industrial democracy but I am sure that the nation is not yet prepared for it.

Chapter XVIII

BECOMING A WRITER AND SPEAKER

EARLY in my business career I had a desire to do some writing, but never received any encouragement. As I lacked the money to purchase advertising space, I finally determined to get into the reading section of some magazines and newspapers. Although I have since spent millions on paid advertising, none of it has equaled the efficiency of the space which has been given freely to me. In fact, for much of this writing I have been paid well.

Let me relate how my literary "career" started. My first article for which I ever received pay was entitled, "Mistakes of Investors," with special reference to business cycles. It showed that there are years when investors should buy and years when they should not buy; and that the country at that special time was probably in such a latter period. I sent the article to a little magazine in New York known as *The Ticker*, which was edited by an acquaintance of mine, the late Richard D. Wycoff. He sent back the article, with a letter explaining that, although what I said was true, he could not afford to use the article. He believed that his advertisers would not stand for it! When the postman brought me Mr. Wycoff's letter, I was sitting on the piazza at my summer home in Annisquam, Massachusetts, reading an editorial in the *Saturday Evening Post* along the same general lines. With a moment's thought, I took out my pencil and wrote on the letter which I had received from Mr. Wycoff these words:

> To the Editor of the *Saturday Evening Post*: Enclosed is an article which you will see has been refused by a small financial magazine in New York. In view of an editorial which appears in this week's *Saturday Evening Post*, you may be interested in publishing my article.

I heard nothing from the *Saturday Evening Post* until one day a man walked up on to my piazza and introduced himself as Mr. Churchill Williams. He had been sent to see me by the editor of the *Saturday Evening Post*, Mr. George Horace Lorimer. He asked me a lot of questions, with the idea of checking up as to my character, experience, and whether or not I was the *bona fide* writer of the article. He courteously thanked me for the time I had given him, and said that I would soon hear from Mr. Lorimer.

DISCOVERING A GOLD MINE

Within a few days I received a formal letter from George Horace Lorimer, stating that the article had been accepted for publication October 22, 1910, and "a check will be mailed on the following Tuesday." On Wednesday of that following week I received a check for four hundred dollars from the *Saturday Evening Post* for an article which I had offered to give freely to a little magazine in New York City! The article created so much interest among the readers of the *Saturday Evening Post* that it was necessary to ship by express the letters which had been addressed to me personally, in care of Mr. Lorimer, and which letters Mr. Lorimer asked me to answer. This experience developed an entirely new chapter in my life which turned out to be a little gold mine. The next month I went to Philadelphia and met Mr. Lorimer, Mr. Williams, Mr. Bigelow, Mr. Collins, and Mr. Lorimer's faithful secretary, Miss A. W. Neall. They were a great bunch of people, and this visit marked the beginning of a happy and profitable friendship.

Mr. Lorimer finally purchased from me every other week a general article under my own name; and in addition I had a weekly column under the title of "How's Business and Why?" I was with Mr. Lorimer when Mr. Cyrus K. Curtis came in one day and told us that he had purchased the *Country Gentleman*, and that we were to prepare the "next copy." Mr. Lorimer gave me an opportunity to help on this, and I gladly accepted. He continued to pile work on me, but always paid well for my time. During the year 1915, for my material sent to the Curtis Publishing Company, I received checks aggregating over twenty thousand dollars. Surely this should give encouragement to young writers; for I had no literary training whatsoever. I was practically "taken out of the gutter" by Mr. Lorimer and *made* a writer. But this is not the end of the story! For good reasons, Mr. Lorimer was just as courageous and sudden in dropping me in 1923 after I had been writing for him for about thirteen years. Although we always remained good friends, and I seldom went to Philadelphia without visiting at his home, yet he never accepted an article from me after that fatal year when I was discharged. It may interest readers to know that all of this writing was done "out-of-doors" whatever the temperature.

WRITING FOR NEWSPAPERS

Naturally, I turned to new sources, and found that other doors were then opened to me. Every publication had respect for men whose articles were accepted by George Horace Lorimer. My first feature work was with the Scripps Syndicate, and I wrote articles for their Sunday papers. Although they did not pay so much as the Curtis Publishing Company paid, I formed a friendship with that wonderful old gentleman, E. W. Scripps, who then lived in southern California. He was a great man, combining a keen sense of business with a social vision far ahead of his day. I worked with Roy Howard, who later became one of the most powerful men in the newspaper world. I became good friends with Earl Martin, who headed the *Cleveland Press*, and with other managers of Scripps papers.

In connection with this work for the Scripps Syndicate, Mrs. Babson and I traveled extensively over the United States. We visited the lumber camps of the Northwest, the cattle ranches of Texas, and the great farming regions of the Central West. This work was all supplemental to our own business, of which I was the executive head and which was a man's work by itself. Fortunately, my sickness had taught me to take care of myself physically. I continued to sleep out-of-doors, eat carefully, and take an hour for rest and devotion after lunch. If it had not been for my experiences in Washington later, my relations with these newspapers might have developed into something more important. Yet necessary entangling alliances with advertisers would probably have so complicated the situation as to make a financial connection impracticable.

FORECASTING THE WORLD WAR

One of my most interesting literary experiences was in connection with the *New York Times*. One day I received a letter from W. C. Reich, who was then managing editor of that newspaper. He asked me to come to New York to see him, which I did. He thereupon offered to purchase from me a series of full-page articles for his Sunday papers. After securing Mr. Lorimer's permission, I accepted the offer. He certainly featured me in a most friendly and spectacular manner. Later, Mr. Reich became managing editor of the *New York Sun*, and I had very friendly relations with the *Sun* until it changed hands. Mr. Reich gave me many assignments, but the most interesting was in connection with a trip to Europe in 1913. With headquarters at Lausanne, Switzerland, I interviewed famous statesmen from England, France, Germany, Italy, and especially the Balkan States.

I think the *New York Times* was the first large American newspaper in which any writer forecasted the coming World War. In the files of this paper will be found my series of Sunday articles which appeared in the spring of 1913. In these articles I clearly forecast the coming European war and its origin in the Balkan States. Mr. Reich also arranged for me an interview with Kaiser Wilhelm, but I was unable to get to Berlin in time. I was in Italy during its war with Tripoli, traveling with the late J. P. Morgan, Sr. I had during those months numerous interesting and unique experiences. The writing and selling of articles, however, was like the manufacture and sale of any merchandise. As long as the goods are wanted, very well; but when the demand ceases, you are like a boat on the beach, with the tide out! Worse than this, I was always dependent upon the whims of some one man. This I did not like. Finally, in 1923, I started a newspaper syndicate of my own, known as the *Publishers Financial Bureau.* This began with a few papers and grew to some four hundred and twenty papers and is still going strong. Although there has never been much of an income in this syndicate, owing to the expense of operation, yet I am no longer under the thumb of one publisher. In making this change I applied the law of averages and the principle of diversification to the sale of my writings.

BECOMING A SPEAKER

My breaking into the field of speaking was as sudden as into the field of writing. I had never given a talk since my old Christian Endeavor days in Gloucester during the years preceding 1895, until one day in 1909, when I received a certain letter from New York. This letter told of a series of lectures that was being given in the Cooper Institute in connection with the American Institute of Banking, an association newly organized to give extension education to bank clerks. I received a tremendous thrill from this invitation, as up to that time speaking had never occurred to me. I carefully prepared the lecture and went to New York and delivered it extemporaneously. Let me add right here to young readers: *Do not read an address.* If you believe wholeheartedly in what you are going to say, you can give a good extemporaneous talk with only a few notes. This Cooper Institute address resulted in an invitation to address the American Statistical Association at their annual meeting in St. Louis during Christmas week, 1910. At that time, my acquaintance began with Woodrow Wilson, who later became President of the United States. On December 29, 1912, I read in Washington a paper entitled: "Ascertaining and Forecasting Business Conditions."

My first invitation to speak before a Chamber of Commerce came through the Cleveland Ad Club in 1912 and was followed by a similar invitation from Chicago. Invitations then began to come in from Chambers of Commerce all over the country. I enjoyed speaking at these gatherings. I fearlessly told the audiences what I thought. They always appreciated my frankness, although many of them disagreed with me. These addresses were all based on the business cycle which was more or less a new idea to business men at that time, although most of them have since become familiar enough with it through sad experience. Invitations then began to come in from various colleges. I have since addressed the students of most of the large universities. For many years I gave a talk each May to the students in the course on business administration at the Massachusetts Institute of Technology.

These talks, despite the fact that I greatly enjoyed giving them, pulled me down physically. When working at my regular business, or when writing an article, my time is my own, as I am the boss. If I feel well, I work; if I do not, I rest, or take a day off in the woods. When, however, I was signed up weeks in advance to address a thousand men at a banquet of the Chicago Chamber of Commerce, I was obliged to be there, whether I felt like it or not. If obliged to speak when I was feeling tired or had a cold, it so sapped my vitality that I was compelled to curtail public addresses. I should love to accept invitations for addresses now, if it were not necessary to decide on a definite date in advance. As a practical matter, this cannot be done; hence, to my great regret, I now am obliged to refuse most invitations to speak—especially at evening affairs.

CLIENTS' CONFERENCES

As a result of these meetings a demand developed on the part of clients that our organization hold conferences once a year, one in each of the country's largest cities. To meet this demand, Mr. Ernest H. Gaunt organized the first clients' conference in September, 1914 at Wellesley Hills, Massachusetts. These conferences continue to be an annual event. They start with a series of meetings at Babson Park, Massachusetts, in September, and end with meetings at Babson Park, Florida, during the following February. Many are held in the ballrooms of the leading hotels, and are often accompanied by mass meetings at some large auditorium to which the public is invited.

These field conferences were born of a desire to spread sound economic doctrines not only to our clients, but to business and financial men throughout the United States. A larger factor in their genesis, however, was our desire to serve society by disseminating reliable information as to the causes of depressions and the remedies therefor. They provide opportunity for personal contacts between those who prepare and stand behind *Babson's Reports* and the thousands of clients who receive them. They not only give business and financial men an opportunity to hear brief addresses by experts, but also to present their individual problems to these experts through the question-and-answer method. These question periods often last for hours and cover questions on every phase of business and finance, politics and foreign situations, commodities and general business conditions.

From their inception up to the present, clients' conferences have been held in practically every large city in the United States and Canada. Speakers from the Organization have also often made special trips to those cities where conferences have not been held. It may, therefore, safely be said that every city of any prominence whatsoever in the United States and Canada has either had a conference or has heard the sound economic doctrines of the Babson Organization. Below is a list of some of the more important cities in which conferences have been held. At these meetings three or four members of our Organization have spoken to groups ranging from one hundred to fifteen hundred.

Atlanta
Baltimore
Boston
Buffalo
Chicago
Cincinnati
Cleveland
Columbus
Dayton
Denver
Detroit
Hartford
Kansas City
Los Angeles
Milwaukee
Minneapolis
Montreal
New Haven
New York
Ottawa
Philadelphia
Pittsburgh
Providence
Rochester
St. Louis
St. Paul
San Francisco
Seattle
Springfield, Mass.
Springfield, Ohio
Syracuse
Toronto
Washington

NATURE OF THE MEETINGS

For a number of years these field conferences consisted of two meetings in each city—first, a service conference for clients only; and second, a mass meeting for business men and investors. The mass meetings were usually held under the auspices of some of the leading business organizations; but sometimes they took the form of a noonday luncheon before one or more of the city's business organizations. Where mass meetings were held, the clients' conferences usually convened at 10 A.M. and the mass meeting at 4 P.M. To make sure that those for whom the meetings were intended—business men and investors—could gain entrance, admission to the mass meetings was by ticket. Other than at the Clients' conference, my only public appearance in a city I made at the mass meeting. This field work I did at considerable cost in physical energy. My associates, however, did everything within their power to arrange the details, so that I had only to come on the platform at the given time, deliver my address on the general business and financial outlook, and answer questions as long as I was physically able to do so.

The first mass meeting was held in Symphony Hall, Boston, on December 1, 1920. The entire seating capacity (2,621) of the Hall was filled, with hundreds standing and hundreds turned away. The largest mass meeting, however, was that held at the Chicago Colosseum on January 9, 1921. This hall, which has a seating capacity of 10,000 people, was filled to overflowing. I recall one meeting held in Tremont Temple in Boston, on January 4, 1922, to which, for some unknown reason, some two or three thousand more people came than the hall possibly could hold. It was a bad night, snowing and half raining. I mention this to show the great effort which we made to develop the business which followed. I believe similar opportunities exist today in other fields for those willing to plow, plant, and nurture the growing crop as we then did. Other large mass meetings were held in Cooper Union in New York, the Metropolitan Opera House in Philadelphia, Gray's Armory in Cleveland, the Pitt Theatre in Pittsburgh, Moolah Temple in St. Louis, the Armory in Detroit, the Pabst Theatre in Milwaukee, the Auditorium in Minneapolis, the Music Hall in Cincinnati, and the Calvary Baptist Church in Washington.

At all these mass meetings, the halls were filled to capacity. I remember speaking at a meeting in the Chicago Opera House when it was necessary for our Mr. Ralph B. Wilson to hold an overflowing meeting in a theater a few blocks down the street. Some idea of the popularity of these conferences may be had from the fact that in 1922 the total attendance at the conferences, the mass meetings, and the luncheon meetings was 49,865, excluding the 4,200 who were turned away. Considering the fact that our field conferences and mass meetings have been held since 1919, it would be safe to estimate that over 300,000 business men and investors throughout the United States and Canada have been reached by me personally through these field conference methods.

WRITING BOOKS

In recent years I have had the honor to do some work for the *American Magazine, Collier's Weekly,* and other national magazines. In connection with this work, I have especially been impressed by the attention given by their editorial staffs to making corrections and revisions, and by their insistence upon rewriting and improving the articles. Some of these articles have been returned to me three or four times for changes. Either I am slipping and becoming more careless, or else editorial offices are improving and becoming more careful.

Publishers who had read my articles or heard me speak began to ask me to write books. Although the permanency of a book appeals greatly to me, yet the writing of the book and the correcting of the proof have always been a drudgery. When writing an article or making a speech, the enthusiasm of the moment carries it along, and the effort becomes a joy. Sometimes it seems absolutely necessary that I either write an article or make a speech, or burst! When it comes to rehashing, my interest is in something else and I do not enjoy the work. This is probably why my books have never amounted to much. This autobiography is my last book. These books contain probably two million words, and each word has drained me of nervous energy.

The books on which I have worked the hardest have been the poorest sellers; while those on which I worked the least have been the best sellers. Some of these books on which I have worked for months have brought me little return; while others which I have dictated in a few hours have been profitable. A list of these books follows:

1907	*Investment Stocks. What and When to Buy*
1909	*Business Barometers*
1912	*Stocks and Bonds*
1912	*Commercial Paper*
1913	*The Future of the Working Class*
1914	*The Future of the Churches*
1914	*The Future of the Nations*
1914	*The Future Method of Investing Money*

1914	*The Future of the Railroads*
1914	*Prosperity and How It Must Come*
1915	*The Future of Us Boys*
1915	*The Future of South America*
1915	*The Future of World Peace*
1919	*W. B. Wilson and the Department of Labor*
1920	*A Central American Journey*
1920	*Cox the Man*
1920	*Fundamentals of Prosperity*
1920	*Religion and Business*
1921	*Making Good in Business*
1922	*New Tasks for Old Churches*
1923	*Business Fundamentals*
1923	*Enduring Investments*
1923	*What Is Success?*
1924	*Recent Labor Progress*
1927	*A Continuous Working Plan for Your Money*
1927	*Instincts and Emotions*
1928	*A Business Man's Creed*
1929	*Storing Up Triple Reserves*
1930	*Easy Street*
1930	*New Ways to Make Money*
1930	*Invest Fundamentals*
1932	*Cheer Up*
1932	*Fighting Business Depressions*
1932	*Washington and the Depression*
1933	*Finding a Job*
1934	*Washington and the Revolutionists*
1934	*The New Dilemma*
1935	*What About God?*
1935	*Actions and Reactions*
1936	*Increasing Church Attendance*
1938	*Coalition or Chaos*
1939	*If Inflation Comes*
1941	*Campaign for the Presidency*
1942	*Looking Ahead Fifty Years*
1943	*Before Making Important Decisions*
1945	*Can These Bones Live?*
1949	*Roger W. Babson's Autobiography*

I do not read novels, but prefer biographies and books on economic and social questions. I read rapidly and make marginal notes as I go, underscoring the essentials. In history, the past is projected to me as a beam to illuminate the future. Poetry arouses my emotions, and usually these are my best emotions. My primary interest in reading, however, is to learn more of human nature. Business men need to know more about people—how they live, what they desire, how they slip into ruts, build nests for themselves, depend upon push-buttons instead of push, and coast on past performances. The reading of history tends to develop honesty, fairness, and good judgment. It is well, however, to shun gossip and stories which pull down instead of build up. I like to read a book that arouses in me desires to be a better man. One gets many new ideas from reading the news and stories; this applies also to the reading of advertisements. Continued success depends on continually learning new ways "to skin the cat." Mr. Lorimer tried to teach me to use simple words and short sentences, with many illustrations. He astonished me once by explaining how the greatest event in history—the crucifixion of Jesus Christ—was related by Matthew and the other Apostles in only about four hundred and twenty words.

One should be positive when writing, rather than negative, in his point of view. I found that people like mottoes and mementoes of earlier days. In the long run, however, successful writing depends, like everything else, upon a proper mixture of industry and emotion. Sick or well, afoot or on horseback, a good writer must always be up to something—talking, reading, dictating, planning, praying. As for sleeping, that should be made a business, like work. When it is time to go to sleep, I want to sleep; but when it is time to wake, I want to wake. Some can write only at night, but I am just the opposite. Most good ideas come to me while I am shaving in the morning. I can work at sixty miles an hour from 7 A.M. to 1 P.M., but I drop into low gear after lunch. When attempting to sell a man something, I always go at it in the morning; but when some one wants to sell me something, I always insist that he call in the afternoon. We dine at 7.30 P.M. and go to bed early. I am never any good in the evening except quietly to read by myself on a couch.

BE KIND TO REPORTERS

Practically all of my writings have been dictated. It is my custom to have a file of envelopes on different subjects. Into these envelopes I will from time to time put clippings. When the call comes for an article or book on a certain subject, I go to the respective envelopes and run through these clippings while I dictate the story. I revise the first draft and try never to see it again. My revisions are always in longhand, which I can hardly read myself the next day. I have done many interviews; these have included Presidents, great captains of industry, and scientists.

While once interviewing Thomas A. Edison for the *Saturday Evening Post*, I formed a friendship with him which lasted until his death. Readers will be interested to know that these appointments with Mr. Edison were always between 11 P.M. and 1 A.M. at his home at Orange, New Jersey. Whew! but he was a worker, if there ever was one. Anyone who followed in his footsteps would never be looking for a job.

I have been misquoted a great many times, but have found that it is impracticable to make denials. A lie travels so fast that it is impossible to catch up with it. Besides, it is much better to be friendly with all, especially with the reporters, who are working hard to earn a living and have far more troubles than I have. Reporters can render a great service to those who will help them. I remember once a reporter for a small newspaper, with a circulation of only ten thousand, coming to see me. I was tired and busy, and sent word out to him that I could not give him any time. This reply came back from him: "Mr. Babson, if you were informed that ten thousand people were assembled in your front yard, asking you to speak to them, would you not drop everything and do your best to comply? Well, my newspaper has ten thousand subscribers." Of course I went out and saw that reporter, and from that day to this I have always received courteously and thankfully every reporter who took pains to call on me.

I was once sitting in the library of Princeton University, waiting to talk with the then president of that institution. Two well-known professors were sitting by the fireplace, and one of them was reading an article by me which appeared in that week's *Saturday Evening Post.* Said he to the other professor: "What do you think of this man Babson?" The other professor replied: "I think he writes interestingly and is probably doing a lot of good, but I would rather have him write these articles than write them myself. They carry an atmosphere that is lacking in dignity." This professor was serious. He would have said the same thing had he known that I had received as much money for that short series of articles, written in a few days, as he received as an entire year's salary.

TIPS TO AUTHORS

Looking back over my life, I feel that my teaching of simple economics through books, magazines, and the press has been my greatest contribution in a literary way. I have tried to take great subjects, heretofore treated only in scientific papers, and present them so that the man on the street may understand and enjoy them. Furthermore, this is important because, unless such men get correct ideas of economics, this country is doomed. It is said that I set an entirely new style in the writing of financial news and editorials. Brisbane, the greatest newspaper man America has thus far produced, has often complimented me for getting away from the stilted jargon intelligible only to the financial and economic writers who have produced it. I have also never been afraid to forecast either prosperity or depression. Yet before my day the subject of business forecasting had been tabooed by the financial press.

All successful writers must observe, analyze, preserve, and apply. The community where you live, and the people with whom you are associating, are abounding in resources and material for books and articles. If you will fearlessly and truthfully write about them, in simple words, your articles will be accepted. Remember the importance of emotion. Never dicker with a publisher as to price. Gold is good only for filling teeth and gilding picture frames. The fun is in the striving and not in the arriving. Money earned is of no use until it is usefully invested or given away. Yet, being able to produce marketable goods—whether merchandise or literary articles—at a profit, is thus far one of the best barometers of their worthiness. I shall probably live to write some more material which will be *printed on paper*, but I am taking no chances. I am now engaged in writing a book where the words are being carved in stone; that is, on the boulders of Dogtown Common, Gloucester, Massachusetts.

Chapter XIX

ACQUAINTANCE WITH PRESIDENTS

WHEN I was born, Ulysses S. Grant—who led the Union troops to victory in our Civil War—was President of the United States. When I was two years old, Rutherford B. Hayes, was inaugurated. I well remember the death of President James A. Garfield, on September 19, 1881, at the age of only forty-nine years. Although I was then but six years old, I can remember distinctly my father's coming home and telling mother about it. He draped the outside of his store in black, an example which most of the other stores followed. Our city of Gloucester, and most other cities in the North, went into mourning for thirty days, during which time few social events were held. Chester A. Arthur, who was Vice-President, succeeded to the Presidency. I was about ten years old when Grover Cleveland was elected for the first time, in 1884.

The first presidential campaign that I clearly remember was that of the fall of 1888, which resulted in the election of Benjamin Harrison. I was then thirteen years old, a very impressionable age. There were no radios or moving-picture theaters in those days. There was little political newspaper advertising, if any. Campaign managers depended upon public speeches—"rallies," so-called—and especially on torchlight processions. These torchlight processions took place, of course, in the evening. These parades would be composed of several companies. The fishing concerns made up one company; the Civil War veterans made up a second company; the professional people, including doctors, lawyers, ministers, and schoolteachers and college students, made a third company; while the merchants made a fourth company.

PRESIDENTIAL CAMPAIGNS IN THE 'EIGHTIES

Each marcher in a presidential campaign parade of those days would have an oil-lamp on the end of a pole, which he would hold on his shoulder. The lamp would be suspended on a swivel, so as always to be upright. These lamps had a wick nearly an inch in diameter and the flame, of course, was smoky. The different companies would have different styles of uniforms, made of cotton cloth. Some companies would be all white; others would be all blue; and perhaps the professional group might be dressed in silk hats and Prince Albert coats. Each company would be headed by a group of men on horseback. My father was always on a horse at the head of the company of merchants. Those on horseback would wear broad-brimmed black hats, decorated with a gilt cord; and on the front of their hats would be a small lamp.

My father, I remember, had for his horse on such occasions a very fancy saddle and accounterments. These were given him by the family of Colonel David Allen, a Gloucester man who used them on dress parades during the Civil War. The Allen family farm adjoined my father's homestead. Houses were often decorated, and the homes which were sympathetic with the marchers were illuminated with candles in the windows. My emotions were tremendously aroused by these presidential campaigns. Whether my father really believed that the world would come to an end if his candidate had been defeated I do not know; but I, a thirteen-year-old boy, surely felt it.

History now shows that at the time of the next presidential campaign, in 1892, the United States was on the verge of the great panic of 1893. Naturally, Harrison went down in defeat at the end of his first term, and Cleveland was re-elected in November, 1892. The depression, however, was only about half over in Cleveland's time, and he, of course, was blamed for its continuation, and hence the Republicans had a good opportunity in 1896. Surely politics are as good now as in those days—in fact, in some respects they are better.

BRYAN VS. MCKINLEY

During the last years of Grover Cleveland's second administration the inflationists made a drive, as they always do in the last part of a business depression. This gave a fine opportunity to William Jennings Bryan, a popular orator, who developed a great following appealing for "more money," not realizing that it was a more rapid circulation of the money already existing which was really needed. Finally, the presidential campaign of 1896 simmered down to a struggle between the "sound money" interests, headed by William McKinley on the Republican ticket, and the "inflationists," headed by William Jennings Bryan on the Democratic ticket. This campaign took place while I was at the Massachusetts Institute of Technology. I was too busy with my school and highway work to take part in the campaign, but I attended several rallies. I well remember being invited by a friend to visit the Williams home in Dedham when William Jennings Bryan was a guest there during the campaign. I cast my first vote in 1896 and it was for the Republican Party.

Conditions were similar then to those existing during the presidential campaigns of 1932 and 1936. The conservatives and radicals were lined up in about the same way. There was much similarity in the campaign speeches. To the great satisfaction of the business interests of the country, William McKinley was elected President in 1900. Let me say, however, that if radio broadcasting had existed in Bryan's time he would have been elected with a large plurality. Business was naturally ready to improve. With the Spanish War as a stimulant, the country soon swung back into a period of prosperity. While attending the Buffalo Exposition, William McKinley was shot. He died in Buffalo on September 14, 1901. As already explained, I was in Buffalo at that time and was keenly stirred emotionally. It probably had an indirect effect on my own illness, which started soon thereafter. The rapidity with which business improved after the collapse and extreme pessimism of the 'nineties should give heart when succeeding depressions come upon us.

THEODORE ROOSEVELT

Theodore Roosevelt, who was Vice-President under McKinley, immediately succeeded to the Presidency and completed McKinley's term. Theodore Roosevelt was re-elected in 1904 for a second term and I then voted for him and the Republican Party. He might have been President for a third term had he not made the fatal slip about "a cup of coffee." I was always fond of Theodore Roosevelt. He had character, judgment, and courage. Although a conservative, he endeavored to be fair to all parties, yet keep all within bounds. He used the "big stick" with both the industrialists and the labor leaders whenever either got out of line. I personally met him in connection with the peace efforts in which I was engaged at that time. He certainly talked to me like a father to a sick child, although, as I look back upon it, I am surprised that he bothered to see me or to write me. I was then only about thirty years old and wholly unknown. He was just the man needed for the country in those days.

If Franklin Roosevelt had possessed the characteristics of Theodore Roosevelt, the country would probably have snapped out of the depression of 1929-1935 much more quickly. I became acquainted with some of Theodore Roosevelt's sons and felt proud of my association with President Roosevelt himself. Whenever possible, I heard him speak. I especially remember a great gathering in Indianapolis which we attended together on a Fourth of July in the latter part of his reign. Among the accompanying illustrations is a letter which he wrote me after he retired from the Presidency. This summarizes the position that he had previously taken with me in interviews. Readers will especially be interested in his personal interlining. Handwriting experts say that his chirography is one of the best illustrations of character, energy, and determination.

WILLIAM HOWARD TAFT

As President Roosevelt had gotten himself into a position where he could not run for re-election, he did the next best thing by having his personal friend, William Howard Taft, who was then Secretary of War, elected in his stead. Mr. Taft was elected in 1908 and I voted for him and the Republican Party.

William Howard Taft was a fine man, but he did not possess the necessary characteristics to enable him to be a successful President of the United States. To give him a good independent start, Theodore Roosevelt left this country on his famous African hunting trip. While he was gone a group, who were antagonistic to Theodore Roosevelt, got control of President Taft. Upon Roosevelt's return, the fat was in the fire. I saw something of President Taft both in Washington and at the summer White House at Beverly, Massachusetts, which was only a few miles from my Annisquam summer house.

I remember once being called to Beverly by President Taft for an analysis of business conditions. By this time the Babsonchart had been worked back in an elementary way to the 'eighties. On this chart I had marked the presidential elections. They showed that when a presidential election came during a time of bad business like 1911, the incumbent was defeated and the opposition party came into control. President Taft immediately saw this and remarked: "Your charts apparently indicate that I will be defeated at the end of my first term. Are you employed by the Democratic National Committee?" I assured him that I was not, in any way, shape, or manner; and up to that time had always voted the Republican ticket. In fact, my father and grandfather were dyed-in-the-wool Republicans. Apparently this was not the advice desired, because the Republican leaders turned to other statisticians for consolation. Mr. Taft, however, needed consolation, both during his administration and after his defeat by Woodrow Wilson in 1912. I voted for Theodore Roosevelt in 1912.

After retiring from office in 1913, President Taft spent his summers in the St. Lawrence region near the New York-Canadian boundary. He changed his residence to New Haven, Connecticut, where he lectured at Yale University. On his first trip from his summer home to New Haven, he passed through Boston, coming into Boston at the North Station. That day I was coming to Boston from Gloucester. The train on which I was traveling pulled into North Station just about the same time as did the train upon which ex-President Taft was traveling. We met each other in the station. He was carrying two large leather bags, while I, fortunately, had no luggage. I thereupon turned to him and said: "Mr. President, let me give you a lift." He smiled and seemed grateful. (For some reason, up to that time there were no red-caps or porters at the North Station.) We both headed in the direction of the taxis. When we found one, he turned to me, with tears in his eyes, and said: "Babson, the last time I was walking through this station, the mounted police were necessary to protect me from the cheering crowds. The American people are lovable, but I fear are very fickle and forgetful." I later functioned with Mr. Taft in connection with the War Labor Board during the first World War. This was a work which he enjoyed. I was happy to see him later appointed to the United States Supreme Court, which filled his last years with real satisfaction.

WOODROW WILSON

The election of Woodrow Wilson in 1912 and his inauguration the following year came in accordance with the Babsonchart. I first became acquainted with Woodrow Wilson in connection with my economic and statistical writings. I was, however, so busy in those days that I did not mix in politics until he came up for re-election in 1916. Up to this time I had never voted the Democratic ticket; but, being especially sympathetic with President Wilson's attitude on the World War, I shifted my political affiliations and worked for his re-election. I spent a large portion of my time freely at the headquarters of the National Campaign Committee. I was at the conference in New York City with the Publicity Director, Robert W. Wooley, when we chose that famous slogan, "*He kept us out of war.*" Moreover, I am not ashamed now of that slogan.[1]

If it had not been for Senator Henry Cabot Lodge, of my own State of Massachusetts and my home county of Essex, President Wilson would have continued to keep us out of war. I go a step farther and say that the world would have been just as well off if we had never entered the World War at that time. My own idea was to let Germany make her peace with France when, as, and if she could; but for the United States to reserve its forces for the protection of England. It would have been fatal for us to have allowed the English people to be persecuted for their part in the conflict. There, however, was no danger of this, as Germany would have been content to make a peace treaty with France by taking over the French colonies. It is too late to pull off scabs, and I will not discuss the war further.

SOMETHING TO REMEMBER

As I was in Washington during World War I, I saw considerable of President Wilson. He was a peculiar man. He had two distinct sides. One was the hard, cold-blooded, self-satisfied side of the schoolmaster. He felt he was always right, and that everyone who disagreed with him was wrong. His other side was emotional and friendly, especially to those he considered the plain people. I was much impressed by his book, *The New Freedom*, and believed he was absolutely right in his formation of the League of Nations, although perhaps he was ahead of his time. The odds were against him from every direction. He truly was the world's greatest martyr for the cause of internationalism. He was not content to have the strong nations "enforce peace" along the lines suggested by ex-President Taft and his conservative friends. President Wilson saw clearly that neither armaments nor treaties would bring about world peace. He knew that only as the economic causes of war were eliminated would world peace follow. He understood that these economic causes could be eliminated only by an international League of Nations with teeth.

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[1] On March 5, 1917, Walter H. Page, American Ambassador in London sent a cablegram to President Wilson, which stated:

. . . "[England] cannot continue her present large purchases in the United States without shipments of gold to pay for them, and she cannot maintain large shipments of gold. . . . The almost immediate danger, therefore, is that Franco-American and Anglo-American exchange will be so disturbed that orders by all the Allied Governments will be reduced to the lowest minimum and there will be almost a cessation of Transatlantic trade. This will, of course, cause a panic in the United States. . . . If we should go to war with Germany . . . all the money would be kept in our country, trade would be continued and enlarged until the war ends, and after the war Europe would continue to buy food and would buy from us also an enormous supply of things to re-equip her peace industries. We should thus reap the profit of an uninterrupted, perhaps an enlarging, trade over a number of years, and we should hold their securities in payment. . . . Perhaps our going to war is the only way in which our present pre-eminent trade position can be maintained and a panic averted."

Did this argument influence President Wilson in his declaration of war a month and a day after receiving this cablegram? Were Page's high professions of idealism in his support of the Allied cause an insincere pretense covering real motives of promoting our entrance into the war from motives of material gain, or was he emphasizing what he thought would influence his fellow-countrymen?

Let me tell just one story about President Wilson. Readers will remember that he made two trips to Paris during the peace negotiations. Between these trips he spent one week in the United States, trying to get the Republican United States Senators to do the decent thing. On the Sunday of that week, in the afternoon, he called me to the White House. When I got there, Senator Henry Cabot Lodge was just leaving, and I saw tears in President Wilson's eyes. He opened the conversation by saying: "Babson, my trouble is that the Democrats seem to be all heart and no brains; while the Republicans seem to be all brains and no heart. This country, during the duration of this emergency, certainly needs an unselfish coalition government." It was with this thought in mind that—in 1934—I began my work for a coalition government to end the depression.

WARREN G. HARDING

As Woodrow Wilson had served two terms and was a sick man, he was out of the running for re-election. The conflict in 1920 lay between Warren G. Harding and Governor James M. Cox of Ohio. I naturally would have returned to the Republican fold; but I knew Warren G. Harding as Senator, and had no respect for him. Later years clearly justified my position. I thereupon became actively interested in the election to the Presidency of Governor Cox, who had Franklin D. Roosevelt as a running-mate. I had the honor of writing the Life of Governor Cox, which was published in book form and used during the campaign. Cox was defeated; but he put up an honorable campaign, and I am proud of all that was then said and done. Harding and Coolidge were elected. However I voted for Cox and the Democratic Party in 1920.

The situation in 1920 was best expressed to me by Calvin Coolidge of Massachusetts, who was elected Vice-President in the Harding administration. I was boarding a Boston & Albany train one day at Springfield, Massachusetts, bound for Wellesley. Vice-President Coolidge was sitting in a drawing-room of the train with a Secret Service man. The Vice-President chanced to see me, but I did not see him. I took a seat in one of the coaches. Soon a Secret Service man came through the train, paging me. He stated that the Vice-President desired to see me in his drawing-room, and I went back and rode to Framingham with him. He was especially interested in discussing the economic situation. He then referred to my work in the campaign for Governor Cox, and stated: "Babson, if President Harding and I had joined you in campaigning for Governor Cox, he still would have been defeated. The people were tired of the bureaucracy built up during the war; they knew that a Republican administration was needed to clean the slate and start over again."

CALVIN COOLIDGE

The story of the Harding débâcle climaxing in his death and the succession of Calvin Coolidge to the Presidency is too sad to discuss. I, however, saw considerable of President Coolidge. He had Mrs. Babson and me as his guests at the White House. His personal secretary was living at my Washington home, at 1115 Sixteenth Street. President Coolidge often came up to this little house to see his secretary, "Ted" Clark. One Sunday morning I remember the doorbell ringing several times. As Ted and his wife were late sleepers on Sundays, I finally went down to the door, assuming it was the paper boy. I went down in my nightshirt, with my face covered with lather, as I was shaving. To my great amusement, it was the President of the United States, who was out for an early Sunday morning walk!

President Coolidge sometimes came up to our little home for breakfast. Once I told him how honored we felt by his visits, and he replied: "Do not fool yourself, Babson; I do not come up for you, but for the condensed milk! I have great difficulty in getting condensed milk served at the White House; but at your house I not only get condensed milk, but also have the privilege of pouring it out of the can into my coffee. This is the only way it should be served."

Opinions greatly differ as to the ability of Calvin Coolidge; but he certainly knew politics, having been therein continuously from his boyhood days. Furthermore, he had character, common sense, and an uncanny "smell" enabling him to avoid pitfalls. Probably no man who had been in politics all his life, and finally reached a high office, ever made as few mistakes as did Calvin Coolidge. His opponents would retort by asking if he ever made anything else; but never mind—"Cal" Coolidge was a good President. I voted for Coolidge and the Republican Party in 1924.

HERBERT HOOVER

President Hoover, who was elected to succeed President Coolidge in 1928, lacked political training and acumen. He also lacked a sense of humor, which is important to such a job. President Hoover had always been in an executive position, and most of the time at the head of his own business. He therefore was greatly irritated by being obliged to "waste time" discussing things in detail with so many Senators and Representatives, who, he felt, lacked his own knowledge of the situation. The Babsonchart, which I had shown to President Taft twenty years before, showed clearly that the Republicans were headed for defeat in 1932. The forecast was again correct. Herbert Hoover, however, possessed a fine character and a keen intelligence. He probably was better equipped, in many ways, for the Presidency than any president up to his time. It was on account of Herbert Hoover's character and stand on the liquor question that I voted for him in 1928 and again in 1932.

I did not see much of President Hoover, although I was well acquainted with his personal secretary, Theodore L. Joslin, who came with the Babson Organization in 1932, after the Hoover defeat. I always felt kindly toward Herbert Hoover, and my sympathy always went out to him. I cannot forget the wicked statements which were made by certain Democratic leaders, both during his administration and the campaign in which he was defeated. The Democrats could have won just as well, and perhaps better, if they had put up a more Christian and manly fight. The change of administration was inevitable. Whatever may be said, Herbert Hoover was a martyr to the cause of righteousness and sane economics. Some day his work will be appreciated.

FRANKLIN D. ROOSEVELT

The administration of Roosevelt II is too recent history for me now to discuss. I do, however, wish to say one thing—namely, that his interest in the under dog and his tendency to compromise were not new characteristics. During the war, when I was an Assistant to the Secretary of Labor, a meeting was held once a week of the Assistant Secretaries of the main departments. Franklin D. Roosevelt, a tall, fine-looking man, always attended these weekly meetings as representing the Navy Department, while I often had the honor of attending as representing the Labor Department. Mr. Felix Frankfurter, who later became an important factor in connection with the New Deal, was chairman of this committee. Often some violent arguments would develop, but Franklin Roosevelt would never let us adjourn until we had settled our disputes. Then he would go out of the building arm-in-arm with the two most bitter disputants. Furthermore, at these meetings he always took the part of the under dog, having an instinctive sense of social responsibility.

Franklin Roosevelt was naturally a conservative, and his whole bringing-up was among Tory friends; but he was always interested in the plain people, and, in his heart, anxious to do something for them. He felt that the New Deal was what the plain people needed; but if he had found something else, either more radical or less radical, which the people wanted, he might have shifted his position. I always respected him for his attitude, even though I felt he unconsciously at times was doing the country a great deal of harm. He was right in his demand that opportunities be more equal and that burdens be removed from the backs of the less fortunate. But he was undermining character when attempting to set aside *rewards* for industry, thrift, and courage, and *punishments* for the lack of these qualities.

WHAT I HAVE LEARNED

I am a mere statistician and cannot in any way pose as a politician. I have never held an elective office, and my work in Washington during the war was purely administrative. I have learned, however, certain things; *and one of these is that three groups govern the American political situation.* The most important group is made up of petty politicians, who represent one of the two great parties in every community. This group has grown up through many years of breeding and feeding. There are several hundred thousand of them. They, directly or indirectly, get their living out of politics. At all times one half of this group is "in" and the other half is "out." The election is primarily a conflict within this group, between the "ins" and the "outs." The "ins" want to stay in and the "outs" want to get in.

Another thing I have learned about politics is that there is a second group made up of a few strong national leaders who have energy and can secure campaign funds. Such a group consists of certain Senators, a few House leaders, two or three governors, and some conscientious students of politics; but business men are a great factor. This is the group which operates the two major parties from the top; which has charge of the national conventions; and which usually determines the presidential candidates.

The third important group is made up of those "independent" American voters, of which there are five million more or less. There is the "regular" group who are always Republicans or always Democrats; but this smaller group of about five million swings the elections. These elections are determined primarily by business conditions. So long as business conditions are good, these five million people vote to continue the existing administration; but when business conditions are bad, they vote for a change. Hence business conditions are the cause of making Presidents, rather than Presidents being the cause of making business conditions. So long as American politics is set up with these three groups, there is no chance of a third party being successful. Third parties are always being talked about and are sometimes launched. They even succeed occasionally in getting the vote of a large portion of these five million independents, but thus far they have never elected their national candidates. For any party to succeed, it apparently must have thousands of petty politicians in the home towns. Thus far no third party has these. Whether such an organization can be built up under the American system I do not know. These petty politicians of every community are also a great drawback to the formation, in emergencies, of a coalition government, which at times is much needed.

As to my personal political ambitions, I will say that I have been an independent since 1908, unaffiliated with any political party organization. I inherited and was trained in a conservative home. My father always voted the Republican ticket. Everything else being equal, I am naturally a conservative. History shows, however, that any party too long in power becomes careless. A change then seems absolutely essential for the good of the nation. At such times a conscientious independent will use his vote to bring such a change about.

Having known Franklin Roosevelt well during World War I, I was free to consult him from 1933 to 1945. Once during World War II he sent for me and offered me a very attractive position. I told him he should give the opportunity to a younger man especially as I then owed to my clients all my time and energy. *Babson's Reports* were performing most important war work; while the Babson Institute was training 2,000 naval officers in accounting and purchasing. President Roosevelt then said to me: "But, Roger, is there any job which would interest you?" I thought for a minute and then replied: "Yes, I would accept the position of being advisor to the world's boss." To this the President replied: "But, Roger, I have too many advisors now." To this I answered: "I do not mean you, but rather Mr. Stalin." That was in 1943. He abruptly changed the subject and never sent for me again.

Neither has any President since!

Chapter XX

LIFE IN WASHINGTON

I WAS at my summer home in Annisquam, Massachusetts, when World War I broke out in August, 1914. It would be unfair to say that I was sympathetic with Germany, but my studies in Europe had convinced me that the war was inevitable and that Germany was not wholly to blame. Although I could not approve the German character or methods, yet Kaiser Wilhelm was merely fighting for a new international deal, as Franklin Roosevelt later fought for a new social deal. Despite the fact that I was active in working to eliminate the economic causes of war, I was never a pacifist. This is not saying, that I may never become one. Certainly war should be unnecessary, and unnecessary wars are the world's greatest crime.

When our country entered the first World War, I had a certain background which I knew would be helpful to President Wilson. I felt that, with this background, I could bridge the chasm between captains of industry, who were making huge profits, and wage-workers who were engaged in the manufacture of munitions. Having no direct affiliation with any of these interests, I could use my knowledge of publicity methods to the mutual benefit of the nation. I thereupon went to the Hon. William B. Wilson, Secretary of Labor, and offered my services. He assigned me to aid in the formation of the United States Employment Service. This was then operating, however, not to secure jobs for the unemployed, but rather to secure workers for industries which were contributing to the war. For an office we took over an old brick hotel on Sixteenth Street, near K Street, and turned out a lot of work. For a home I bought a small house at 1115 Sixteenth Street, into which Mrs. Babson, her sister Miss Knight, and my daughter Edith, moved with me. Edith did her part at war work and now has her certificate as evidence.

WORKING WITH GEORGE CREEL

I had not been long in Washington before I became acquainted with George Creel, who was operating the Committee on Public Information at Jackson Place. He was a successful newspaper man who had helped President Wilson in his election. He was conscientious and was a terrific worker, although not much of an executive. He, Carl Beyers, and William McCormick Blair of

Chicago quickly built up a very efficient organization. Mr. Blair brought on with him from Chicago Ernest T. Gundlach, who wrote most of the four-minute speeches which were sent out and delivered by thousands of speakers all over the country. The Committee on Public Information had numerous divisions. I was put in charge of the Poster and Pay Envelope Division. I thereupon gave up my work with the Employment Service on Sixteenth Street and moved down to Jackson Place with George Creel.

From the beginning of my war work I served as a sort of liaison officer and contact man between the Committee on Public Information and the Department of Labor, which Department was unjustly looked down upon by Mr. Creel and his associates. The Department of Labor was made up of earnest people, although they had neither social connections nor money. Like the employes of other departments, they were much interested in holding their jobs. Later, while Herbert Hoover was Secretary of Commerce, I was the means of keeping the Department of Labor from being wrecked. As Herbert Hoover thought that I was not working for the best interests of the government, he at that time scratched me off his list of "friends." Frankly, this was the reason why I was never one of his confidants after he became President. I have always believed in the Department of Labor and shall always do what I can to help it.

With this country so poorly prepared and France on the verge of collapse, Congress finally became thoroughly frightened and hastily put through some war legislation. In connection with this World War legislative program, a Labor Administration was formed, one of the divisions being "Information and Education." Congress provided that a director of this work should be appointed. After a conference between President Woodrow Wilson and Secretary of Labor William B. Wilson, I was appointed Director-General of Information and Education. I was not, however, a "dollar-a-year man." I received a salary, under congressional direction, of five thousand dollars a year. It was at the time of this appointment that I purchased my home at 1115 Sixteenth Street and moved my family to Washington. My work primarily was to "sell the war" both to employers and to their wage-workers. Employers were urged to be reasonable as to profits, and wage-workers were urged to give the best they had in time and energy. We rented an entire bulding on G Street, near the Department of Labor building. Mr. Ernest T. Gundlach left Mr. Creel and became my close associate. Together, we determined on the following organization, consisting of five Divisions:

1. *Educational Division.* The purpose of this Division was to assemble all labor news in a central office which would serve as a clearing-house for presentation to the people. The news had to do with labor and its allied topics, cost of production, cost of living, current wages, working conditions, labor union activities, etc. Mrs. Clara Sears Taylor was acting director of this Di-

vision. Its purpose was to strengthen, by the printed word, the morale of both workers and employers. In securing this information, we clipped newspapers and magazines, covered labor meetings of all kinds, contacted foreign information bureaus, and studied economic reports. Our material was sent out by telegraph and mail, with the full cooperation of the Associated Press, the United Press, the Western Newspaper Union, and about five thousand American newspapers. Our stories reached a total circulation of over twelve million readers a day.

2. *Information Division.* While the Educational Division collected and produced material, it disseminated it only to newspapers and magazines. The work of the Information Division was to present these data orally, and in other ways, to the people themselves. I remember Mr. Felix Frankfurter, then chairman of the Labor Policies Board, saying to me: "Production is vital to the winning of the present battle and for the winning of the war—uninterrupted maximum production. Production means supplies for the fighting forces, and production is wholly dependent on labor. There must be an adequate labor supply, wisely distributed, to meet the needs of war industries. There must be sound and just conditions under which labor is employed." This Division was under the operation of Mr. George W. Coleman. We operated a very efficient speakers' bureau through the cooperation of about four hundred active volunteer speakers. A motion-picture bureau was organized under Mr. David Niles, and films were sent out weekly carrying our message. Most of the leading moving-picture houses cooperated with us, so that we reached about twenty million people a week along these lines. We also developed close relations with luncheon and other clubs of all kinds. This enabled us to reach some eight thousand different organizations, with a total membership reaching to the millions.

3. *Industrial Plants Division.* This Division was to work directly in the plants among employes engaged in war work. We especially combated pro-German influences among war workers in this country. This Division was under the direction of Mr. F. T. Hawley. Committees of loyal workers were formed in each plant where plant meetings were held. This Division was also useful in assisting the Conciliation Bureau of the Department of Labor in connection with adjusting labor disputes. I believe that this Division was a very important factor in increasing production through reducing absenteeism and speeding up manual labor. We also worked closely with the Public Health Service, to prevent such epidemics as influenza. It was in connection with this work that my attention was first called to the importance of cleanliness and the use of sanitary equipment such as paper towels, paper cups, etc.

4. *Poster Division.* This Division devised posters which were first used to hang in factories to explain simply to wage-workers why the United States was in the war, and what wage-workers must do to bring the war quickly to a

close. We started by issuing 100,000 posters a month, and this finally reached a monthly figure of 647,624 the month that the Armistice was declared. In addition to having general charge of all the Divisions, I also personally directed this Poster Division. Besides getting these posters in factories, on railways, steamships, etc., I made arrangements with nineteen systems of chain stores for displaying them in their windows. When the Armistice came, we were having these posters regularly displayed in the windows of thousands of stores from the Atlantic to the Pacific. Anyone interested in seeing samples of these posters should send to the Government Printing Office for the report of the Information and Education Service for the year ended June 30, 1919.

5. *Economic Division.* With all the various departments and services in operation in Washington, I found that there was both duplication and contradiction. Therefore, I organized an Economic Division, under the direction of Professor Davis R. Dewey, of the Massachusetts Institute of Technology. This Division was largely of an advisory character, and was concerned particularly with assembling information in regard to the labor policy of the various government departments. It checked the output of all the other four Divisions, to see that our messages were economically sound and in harmony with the messages of the other departments. Where we found conflicts, we immediately arranged interviews and decided on a common policy. This is one division of the work which certainly should have been continued. There has never been a time when it has not been needed in Washington. Our first duty was to maintain interdepartmental contacts with the State Department, the War Department, the Navy Department, the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Department of Justice, the Treasury Department, and the Post Office Department. Inter-Divisional contacts were maintained with National War Labor Policies Board, Children's Bureau, Bureau of Immigration, Bureau of Labor Statistics, Bureau of Naturalization, Labor Adjustment Service, U. S. Employment Service, Woman in Industry Service, Training and Direction Service, Working Conditions Service, Investigation and Inspection Service, and Bureau of Industrial Housing and Transportation.

Perhaps I may be forgiven for quoting at this point from a letter once written to a mutual friend by Mr. Ernest T. Gundlach, reminiscent of those busy Washington days:

> Mr. Roger Babson came to Washington early in 1918, and we had many talks. I had always been a careful analyst; I had, in fact, some reputation for my closeness of analysis. Now I met a man of my own age who did not sit back and merely take lessons from me; instead, he contributed to my fundamental development. At first, when he started to talk, it seemed to me he was just "moseying around," but later I realized that while I was analyzing the details, he was looking at the picture as a

whole, somewhat like a man who is standing on a mountain top. Many details might escape him; but as to the direction in which we must go, his contribution was far more important than mine. In other words, while I had always been engaged in working out tactics, he was thinking about strategy.

I have sometimes said of Babson that he reminds me of a man running around with a gang of men in a fog, all of them more or less confused as to where they should go and what they should do; all of them scrambling around in the dim light of an early dawn, hunting for a certain mountain. And the one who could stub his toe the most often and get his feet wet higher up the ankle than any of the others, was Roger Babson. That was because he could not see things right in front of his nose. Yes, his eyes seemed a little defective.

But by and by the gang saw that this man with the defective eyes could see farther than the rest of us through the fog. While the rest of the crowd were running hither and thither, Roger was stumbling around, waving his arms here and there, falling over a tree stump, slipping into the quicksand; but then he said "Over that way is the mountain." And when we asked him how he could see a mountain, he pointed out that the fog was darker that way, and that meant that a mountain was back of the fog. Anyway, he pointed out the direction, and the rest of us had to follow in that direction, even if we had to carry him over some of the bad places where he alone would have broken his leg. He automatically became the leader because he knew the all-important fact—the direction!

After Babson had floundered around Washington for a few months, he hit on the one direction for additional governmental activities most required at that time. It was no longer necessary to inspire the American people to fight the war. When another man is punching you in the nose, you do not need any bystander to tell you that you should get mad at him. But there at home were the laboring-men. There was unrest among them. They wanted more wages. They wanted shorter hours. Some of them wanted to saw off entirely. Some were pro-German, others were pacifists, others were I. W. W., and so on.

To inspire labor to go out and cooperate—that was the big problem of the government; not merely to have divisions of conciliation and bureaus for labor statistics, but to put a vital spark into the hearts of the great masses of American workingmen. That was the objective that Babson outlined. When he suggested this kind of bureau, Secretary Wilson said "Babson is right and he is the man to head that bureau." Mr. Wilson said that to me later while Mr. Babson was sick.

Mr. Babson later had an operation, and it was owing to this accident that I, as the Associate Director-General, happened to take charge from that time on until November 1, 1918, when Mr. Babson returned. It did not take many weeks for me to realize that he had struck the keynote of the needs of further government activities after the activities to develop material resources had been fully established. Important government officials said this to me right and left, including even one of the head men in the War Department. I have had many peeves with Roger W. Babson, but I have always admitted that I owe the change in my fundamentals of thinking to my contact with him during the war.

At the close of the Armistice, we immediate shifted our efforts to getting the soldiers back to work. We helped manufacturers switch from war supplies to peace goods, and especially in getting home building again started. We

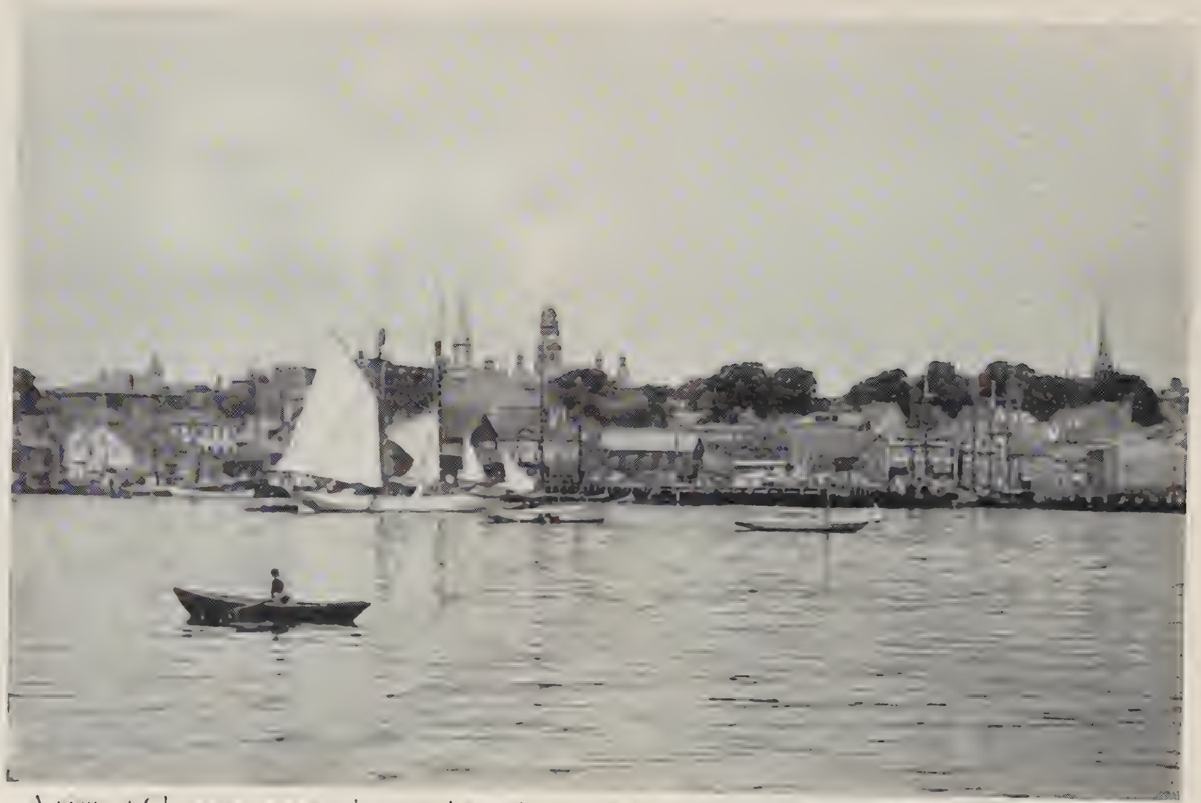
Illustrations

Oldest building on Cape Ann, Massachusetts, built in 1659 by James Babson. He and his mother, Isabel, were the first Babsons to come to America.

Interior view of above building, showing how it looked when used as a shop for making barrels in which dried fish were shipped to England.

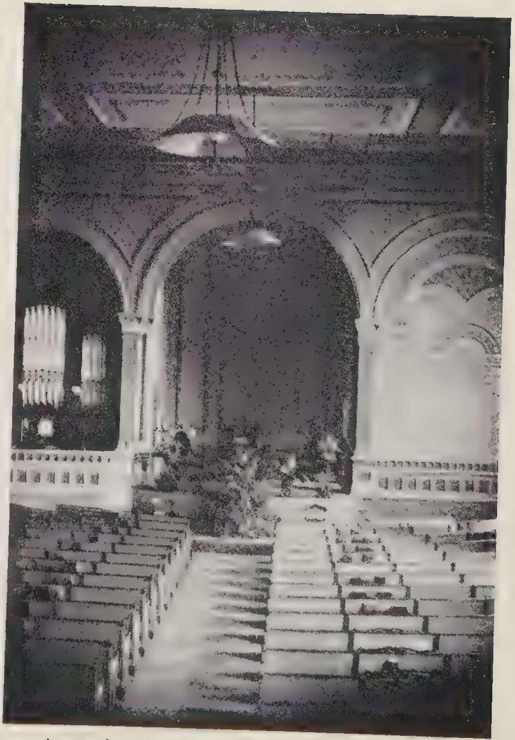
Ancestral Babson home at 245 Washington Street, Gloucester, Massachusetts, where my father and grandfather were born.

58 Middle Street, Gloucester, Massachusetts, where I was born. This was a very old house, built by Daniel Rogers. In the house at the right lived Mr. Joseph L. Stevens, who was the first to take me to Boston; while on the left lived Mrs. Charles Cressy, who gave me my first soda at Wetherell's drug store. My initials may still be found on the window sill of my third-story bedroom.



A view of Gloucester proper, showing the section in which I was born and the wharves upon which I played.

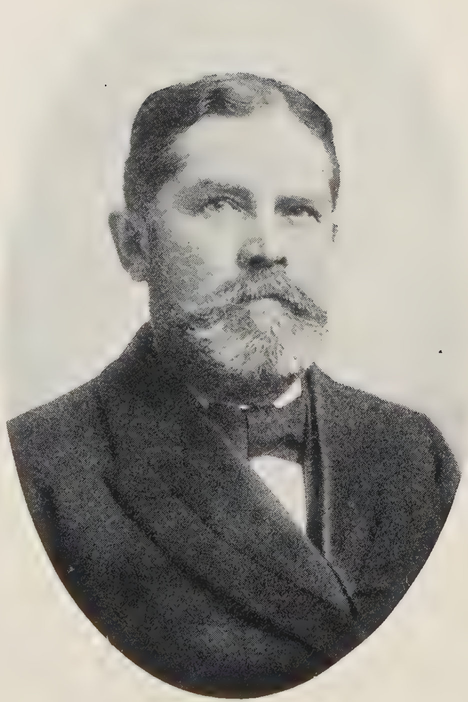
The Congregational Church of Gloucester, which was the center of my social and religious activities when I was a boy. Since then the above spire has been taken down and rebuilt.



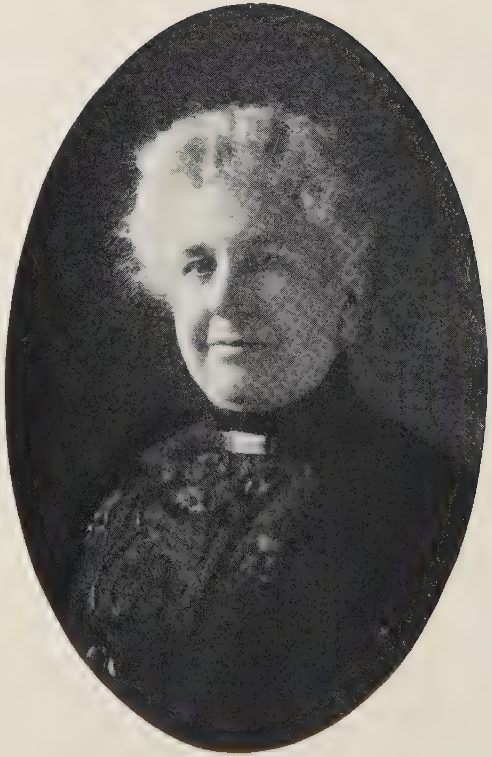
The interior of the church as it appeared one Easter Sunday just before a concert in which I took part. Our family pew was halfway up the center isle at the left.

Although I graduated from the Massachusetts Institute of Technology, my real education was in my grandfather's hayfield, raking the hay and stowing it on the wagon.

The first horse-car used in Gloucester as it passed the Babson ancestral home. Edward P. Shaw, of Newburyport, gave me my first experience in "public utilities" through a job on this horse-car line.



My Father
1916



My Mother
1914

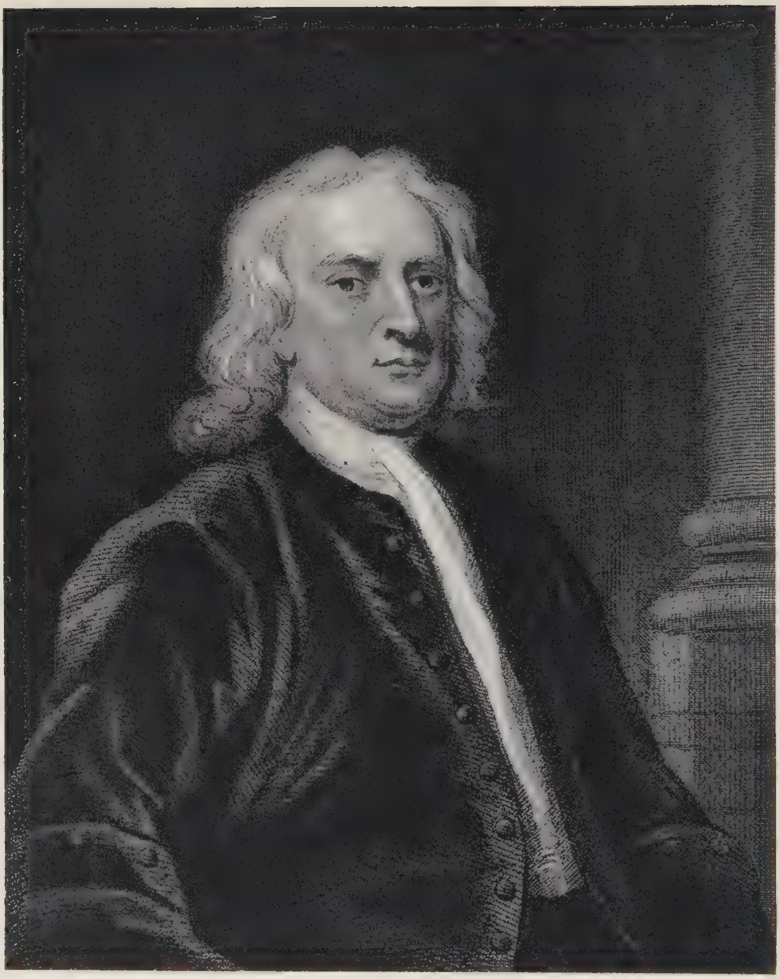
After "retiring" from farming, I secured a job at Andrews Spar Yard, where most of the masts shown in the above picture were made.

A close-up view of a typical Gloucester schooner pulling up near Andrews Spar Yard in Gloucester Harbor.

Grace K. Babson, my wife and business associate.

The house on Seaver Street, Wellesley Hills, Massachusetts, where I was "given up for dead." In the kitchen of this house was held the first stockholders' meeting of the Business Statistics Organization, Inc.

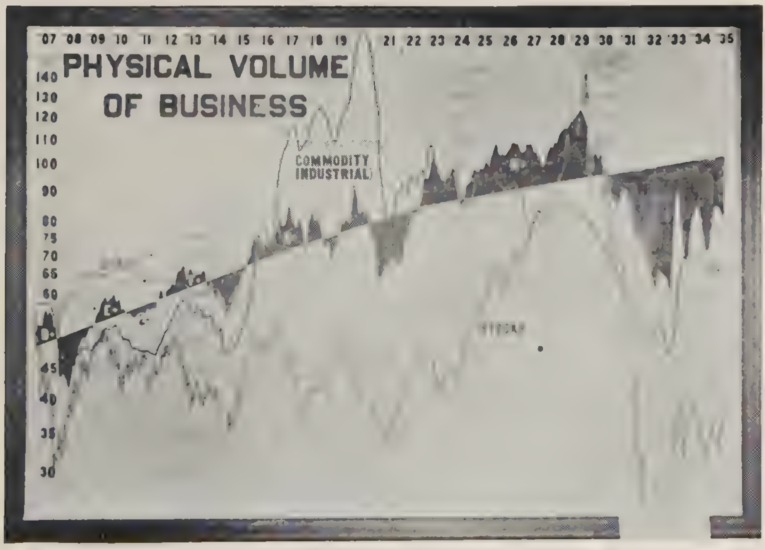
Annisquam, Massachusetts. The arrow shows a square house with a cupola where I spent my summers recuperating.



Sir Isaac Newton, born 1642, died 1727, upon whose writings the policies of *Babson's Reports* are based.

PHYSICAL VOLUME
OF BUSINESS

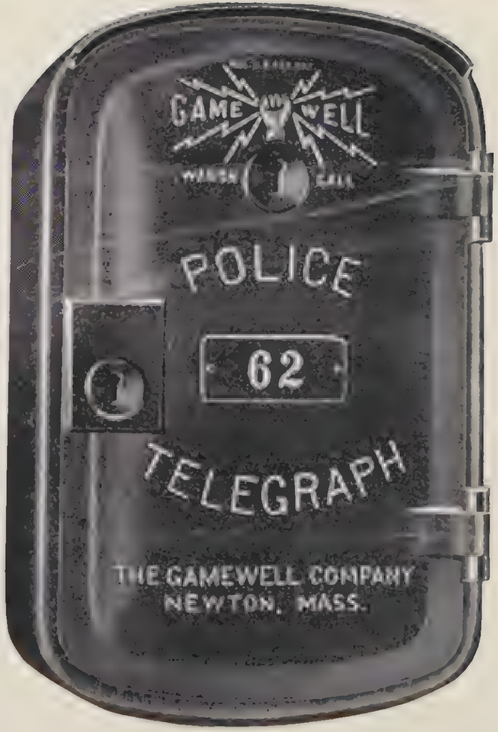
Administration Building of *Babson's Reports*, with Roger W. Babson exhibiting the Babsonchart at the close of one of his Conferences.



A close-up view of the Babsonchart as it appeared in July, 1935. The areas above the Normal Line represent prosperity, and the areas below represent depression. The solid line represents commodity prices, the broken line which runs off the chart at the bottom represents the stock market. The middle line represents the bond market.

GAMEWELL
TO OPEN
THEN
52

Gamewell fire-alarm boxes which have tremendously reduced fire losses throughout the world. These boxes, together with sprinkler systems and electric "eyes," have revolutionized fire protection.

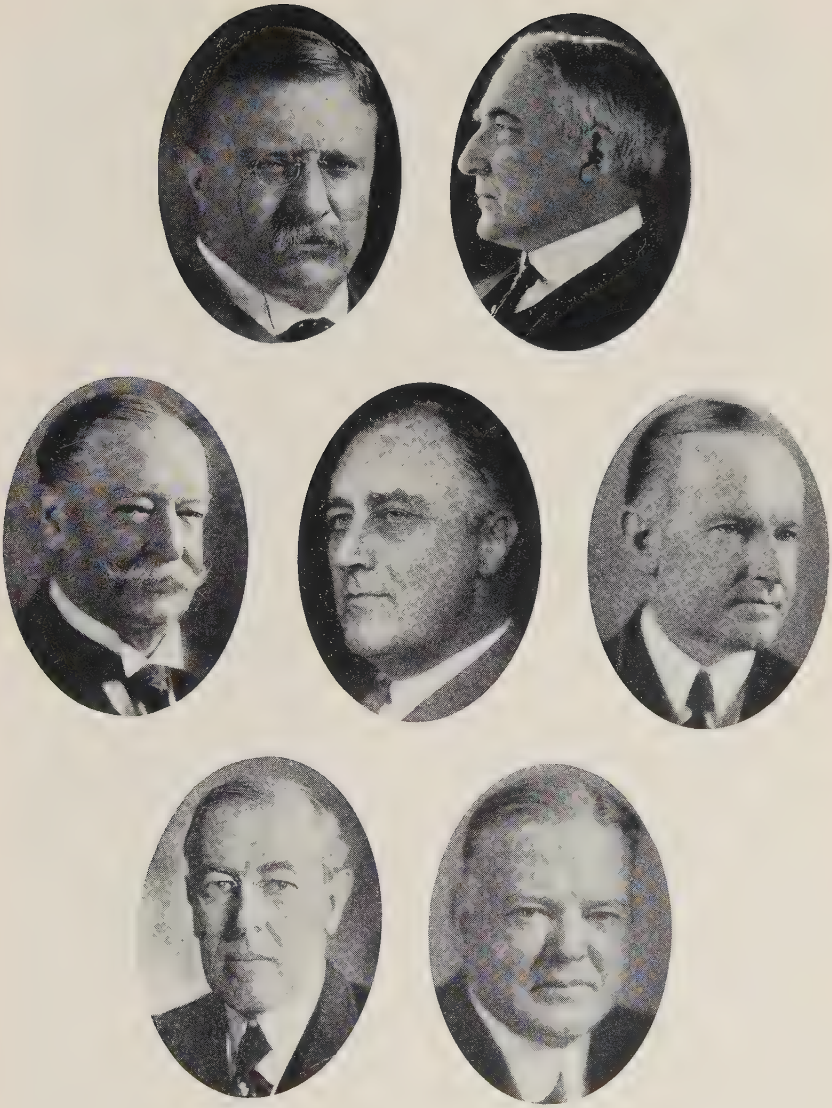

GAMEWELL
POLICE
62
TELEGRAPH
THE GAMEWELL COMPANY
NEWTON, MASS.

One of the blue police signal boxes found on prominent corners of almost every city. They are manufactured by the Gamewell Company. These boxes protect your businesses, homes, and families against crime, burglaries, and riots.

BABSON
RESERVOIR
AND
SANCTUARY
OF GOD AND NATURE

The bronze plaque at the entrance of the Babson Reservoir. This was a later attempt to share my profits with a much larger group; in fact, with the people of my home city.

Pictures of me dictating articles for the *Saturday Evening Post* when I was fighting a return of my tuberculosis troubles.

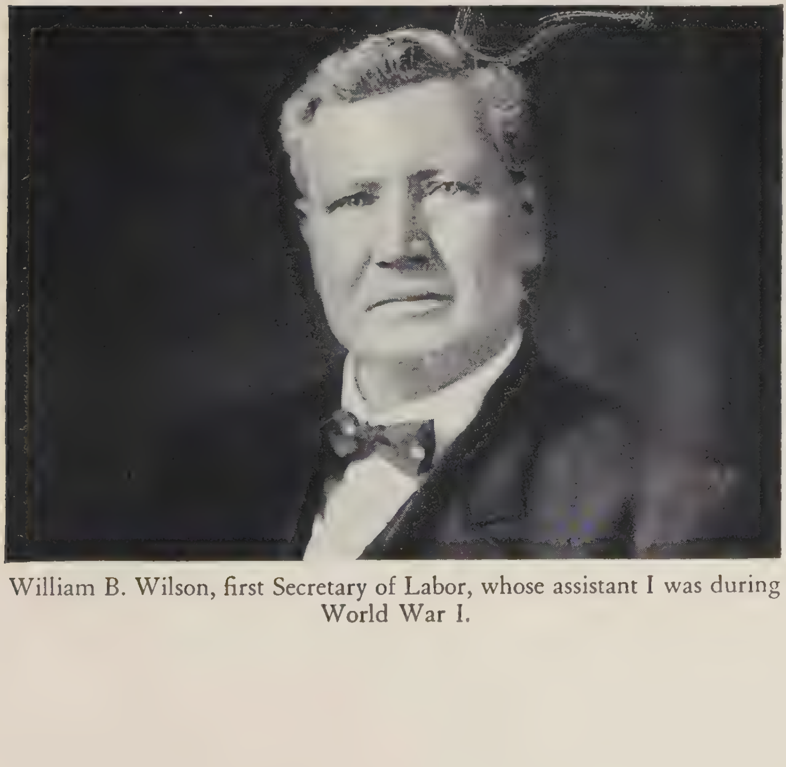


Harris & Ewing

The Presidents with whom I was personally acquainted; namely, Theodore Roosevelt, Taft, Wilson, Harding, Coolidge, Hoover, and Franklin D. Roosevelt.

The first Governors' and Mayors' conference ever held. This picture of the delegates was taken from the portico of the White House, March 3, 1919.

I am sitting with Ben Adams, the boss under whom I had my first labor experiences. This was in connection with building the first state highway in Massachusetts, between Gloucester and Magnolia. I secured my job through Winslow L. Webber, Sr., city engineer of Gloucester.



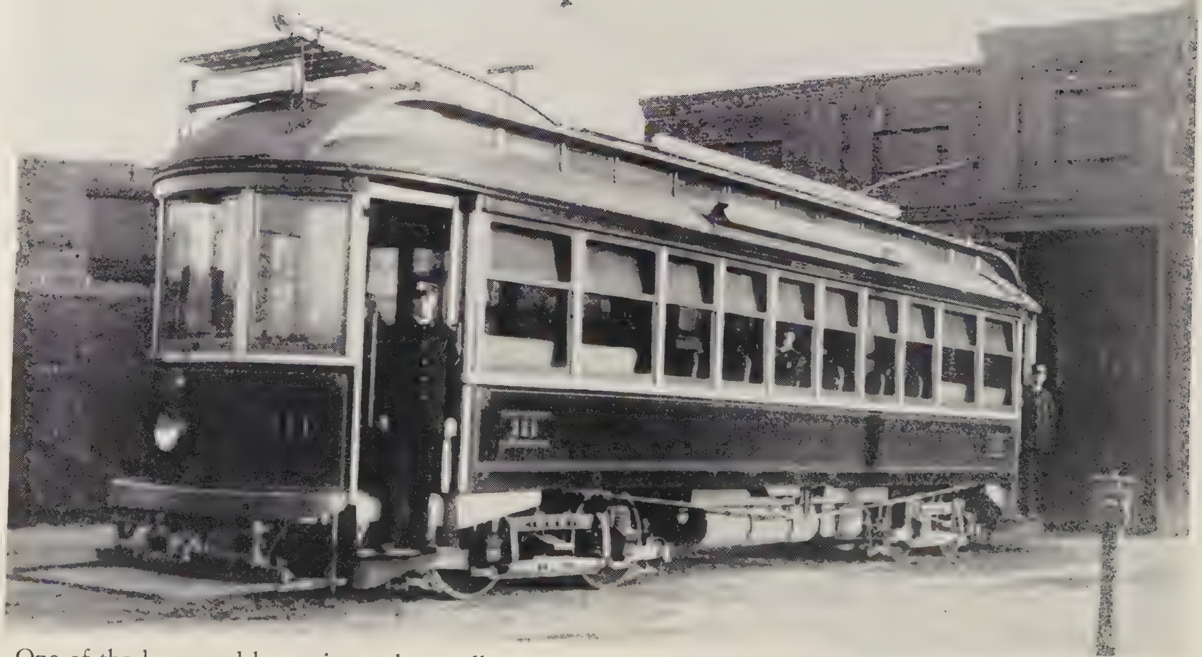
William B. Wilson, first Secretary of Labor, whose assistant I was during World War I.

This picture shows Wellesley as it was when I found it. It was taken on Seaver Street, near my home. This is one of the first automobiles in which I ever rode. At the wheel is Mrs. Babson's mother, Jane Knight, and by her side is Miss Alice Murphy, holding my daughter, Edith, in her lap.

One of some twenty buildings which I later built in Wellesley to house our various activities. This specific building is the Richard Knight Auditorium, named after the husband of the woman in the above picture.

The Library Building on the campus of Webber College at Babson Park, Florida.

One of the two large dormitories of Webber College of Babson Park Florida.

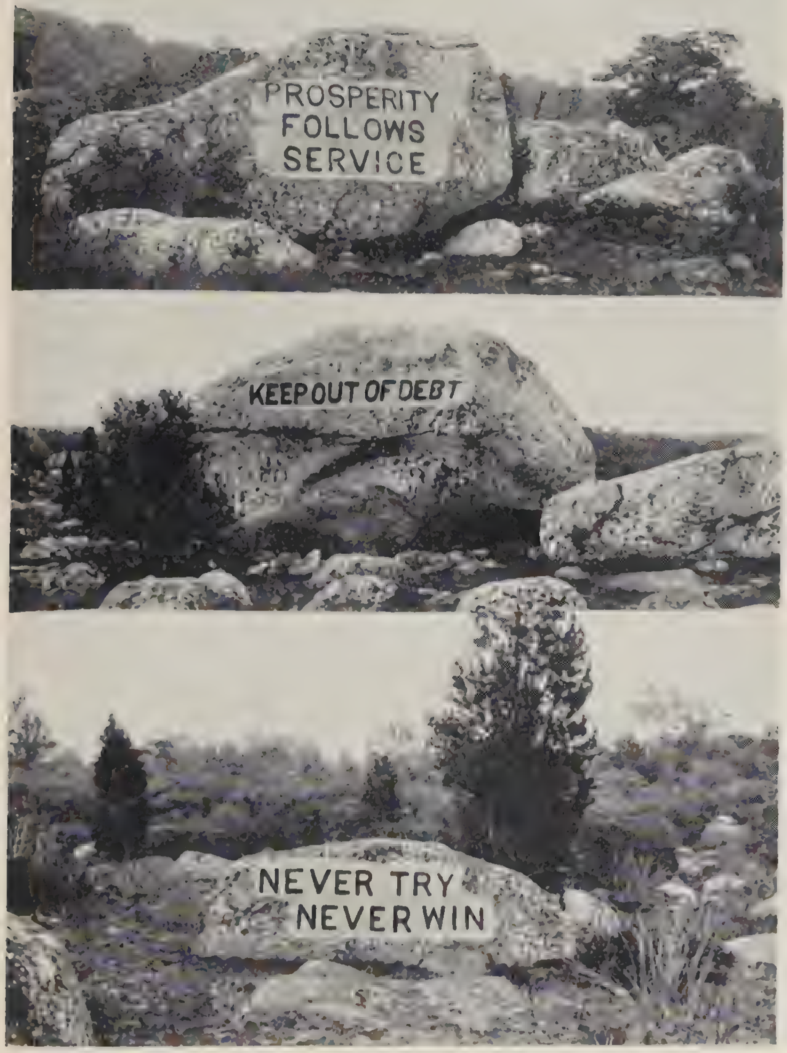


One of the large and heavy interurban trolley cars operated at high speed on double-track electric lines from 1900 to 1925 between large cities. The use of such cars has since become almost extinct. The picture is one of the cars being operated on the Boston & Worcester when the company was purchased by the Babson interests.

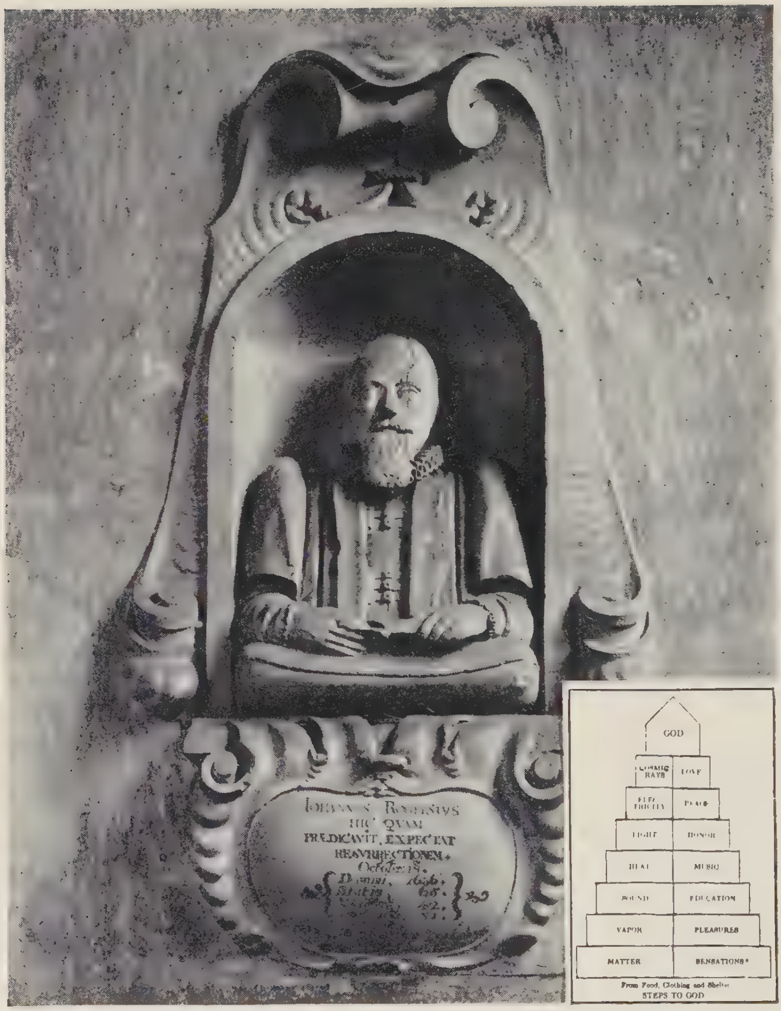
One of the modern buses which are now being used to carry a larger number of people in less time between Boston, Worcester, Springfield, and New York than did the large interurban cars. Future developments of motor coaches will probably make this one look out of date.

The house on my ranch of 12,000 acres on the outskirts of Babson Park, Florida. At the left is Walton R. Brewster, my Florida manager; at the right, Mike Breen, my chief ranchman.

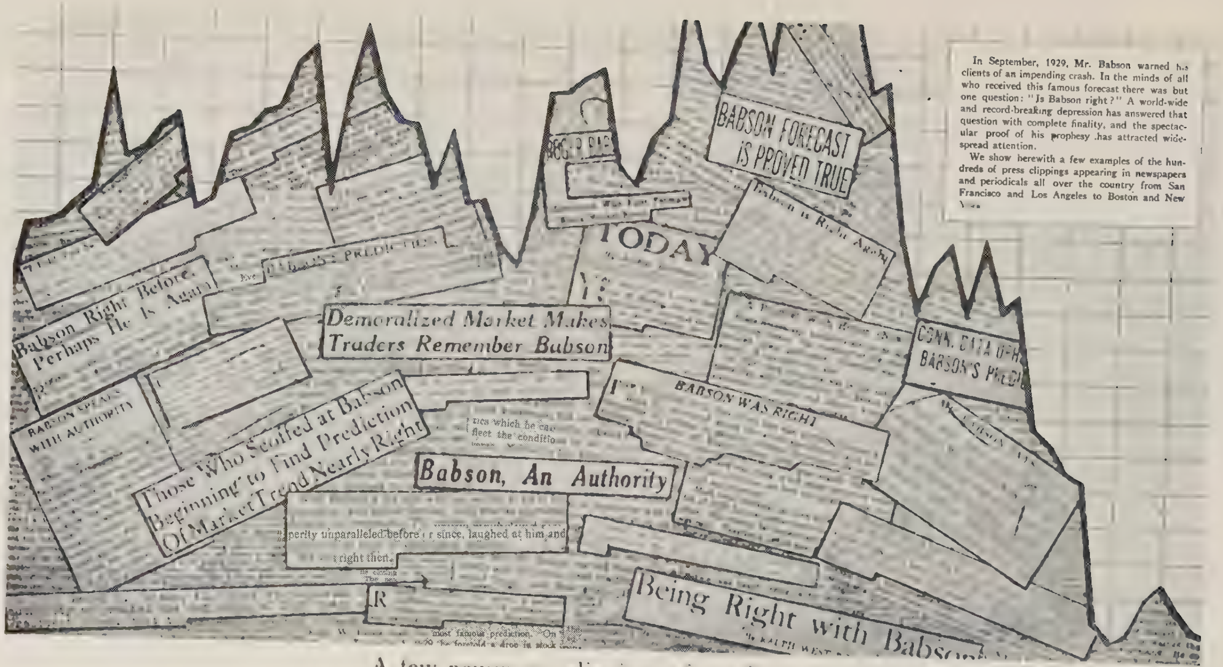
The famous Singing Tower, built by my friend, the late Edward W. Bok. This Singing Tower is within a few hundred feet of our winter Florida home at Mountain Lake, which is seven miles north of Babson Park.


PROSPERITY
FOLLOWS
SERVICE
KEEP OUT OF DEBT
NEVER TRY
NEVER WIN

Dogtown Rocks, upon which I am now writing my final and permanent book.


HIC QVAM
PRÆDICAVIT, EXPECTAT
RESVRRECTIONEM.
GOD
COSMIC RAYS
LOVE
ELECTRICITY
PEACE
LIGHT
HONOR
HEAT
MUSIC
SOUND
EDUCATION
VAPOR
PLEASURES
MATTER
SENSATIONS*
From Food, Clothing and Shelter
STEPS TO GOD

My ancestor, the Rev. John Rogers, famous preacher of Dedham, England, who was burned at the stake for his progressive beliefs regarding God. The chart in the lower right corner illustrates my own visualization of God, for which I have been severely criticized.



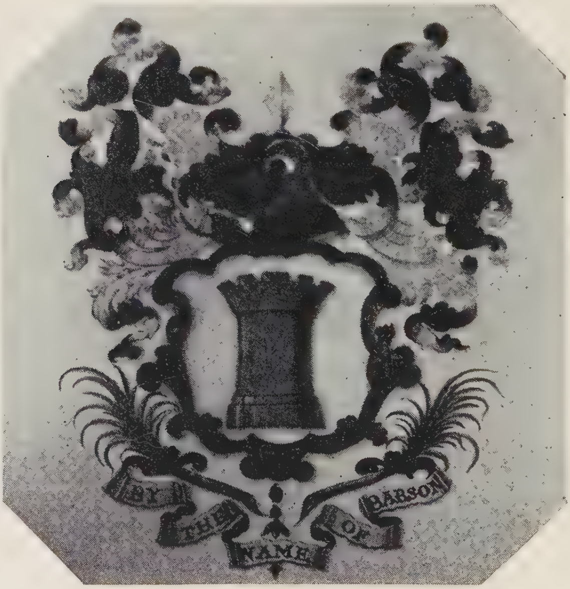
In September, 1929, Mr. Babson warned his clients of an impending crash. In the minds of all who received this famous forecast there was but one question: "Is Babson right?" A world-wide and record-breaking depression has answered that question with complete finality, and the spectacular proof of his prophesy .has attracted widespread attention.

We show herewith a few examples of the hundreds of press clippings appearing in newspapers and periodicals all over the country from San Francisco and Los Angeles to Boston and New York.

Babson Right Before, Perhaps He Is Again
BABSON SPEAKS WITH AUTHORITY
Demoralized Market Makes Traders Remember Babson
Those Who Scoffed at Babson Beginning to Find Prediction Of Market Trend Nearly Right
Babson, An Authority
TODAY
BABSON FORECAST IS PROVED TRUE
Babson is Right Again
BABSON WAS RIGHT
CONN. DATA UPHOLDS BABSON'S PREDI
Being Right with Babson
By RALPH WEST
perity unparalleled before since, laughed at him and
right then.
most famous prediction. On
the foretold a drop in stock

A few newspaper clippings of my forecasts.

The Babson family, taken in 1924, on the day of the Golden Anniversary of my father and mother in the yard of their home at 8 Angle Street, Gloucester, Massachusetts.


BY THE NAME OF BABSON

The Babson Coat of Arms, which signifies that the family was always actively engaged in religious and civil struggles.

accomplished these things through the stimulation of interest in buffer employment, the development of national industrial cooperation, helping in the sale of factory sites, and in the stabilization of radical thought. In this connection, I sent a commission to Great Britain, under the chairmanship of Ernest T. Gundlach, to ascertain what methods England was using to adopt in quickly adjusting affairs to the new conditions. A report of this Commission may be secured from the Government Printing Office. In connection therewith I should acknowledge my indebtedness to Professor Harry W. Tyler and my secretary Helen Lyon.

WHITE HOUSE CONFERENCE

I arranged with President Woodrow Wilson to invite to the White House, for a "Back-to-Normal Business Conference," the governors of the forty-eight states and the mayors of the leading cities of these states. All were invited by Secretary of Labor Wilson, the message being delivered personally by one of my assistants, Mr. Henry N. Teague. This conference was held in the East Room of the White House on March 3, 4, and 5, 1919. The Hon. W. B. Wilson, Secretary of Labor, was chairman, and I had the honor of being secretary. This was the first gathering of its kind, to my knowledge, ever held at the White House. The latter was practically turned over to me by President Wilson for those three days. The President personally greeted the delegates, and on the first day a luncheon was served in the White House dining-room, with the President and Mrs. Wilson as host and hostess.

Among the first items of business was the discussion of government contracts and their methods of cancellation and payment, the return of the railroads to private control, the development of highway building to absorb unemployed labor, the question of pensions for veterans, the problem of government aid, and especially the need of getting new building resumed. At this conference, with aid of Mr. Franklin T. Miller, was started the movement which ultimately developed into the Home Loan Bank and other aids to legitimate building which have since evolved. It is also interesting to know that it was this gathering which recommended the revival of the War Finance Corporation, and laid the foundation for the Reconstruction Finance Corporation which was later organized by President Hoover.

ACQUAINTANCE WITH GOVERNORS AND MAYORS

During this time I had direct personal contacts with the governors of nearly all the states and with the mayors of most of the large cities. They were a most interesting group of men, and I certainly learned much from them. All the addresses and proceedings were printed by the government, and may be secured from the Government Printing Office or read at the Library of Congress. As an illustration of a new "trick" that I learned, let me relate the following: At the first session the Secretary of Labor was presiding and I was sitting by his side at the speakers' table, serving as secretary. Calvin Coolidge, who was then governor of Massachusetts, happened to be sitting directly in front of me. Soon after the conference got well under way, word came of the death of James Withycombe, Governor of Oregon; whereupon an intimate friend of his arose and suggested that the conference adjourn "out of respect to Governor Withycombe."

These governors and mayors had come from all parts of the country for this important conference. They were all assembled and had just got under way. Secretary Wilson, who was presiding, was flabbergasted and did not know what to do. He was of a very kindly nature, and did not want to offend the two Oregon Senators who were present. I thereupon immediately appealed to Governor Coolidge in a whisper to help me out. He at once calmly arose and said: "Mr. Chairman, I move that when this conference adjourns it will adjourn in the honor of the Honorable James Withycombe, that worthy Governor of Oregon to whom we all desire to pay our respects." The motion was immediately seconded, presented to the conference by the presiding officer, and unanimously passed. Surely Calvin Coolidge took a load from my shoulders that day and taught me something.

LESSONS LEARNED

Whether or not my two years in Washington were of much use to the government, I leave for others to say; but those two years taught me some great lessons. One was that politics is just as much of a profession and a business as engineering, surgery, or merchandising. Politics has a technique which must be studied and followed in order to get results. Business men say: "What's the use of going into politics; politics offers no opportunity for an honest man." That is a mistaken way of viewing the problem. The business man's difficulty is that he is attempting suddenly to enter a line of work for which he has no training. Even at its worst, the business man gets on in politics better than he would if he had suddenly switched to surgery or law, or even to painting or music.

During those two years in Washington I learned that the government, like most businesses, is run by a few people. These usually consist of the President of the United States, one or two members of his Cabinet, a couple of Senators, and three or four leaders of the House of Representatives. In those war days, President Woodrow Wilson, when he was in good health, was actually President of the United States, Samuel Gompers, president of the American Federation of Labor, and William G. McAdoo, Secretary of the Treasury, were perhaps the actual Vice-Presidents. Certainly they both held keys to the back door of the White House. Vice-President Thomas R. Marshall was a nonenity, and was said to be interested chiefly in giving the people a good five-cent cigar! When President Wilson became ill, Joe Tumulty, with the assistance of Mrs. Wilson, became President, while Colonel House continued in charge of all foreign relations. The President and his affairs were then guarded, as during so many other administrations, by that most efficient and loyal secretary, Rudolph Forster. But how that good soul "lied" to me, and in fact to all of us, to protect his chief!

OUTLOOK FOR SOCIALISM

Certainly "large bodies move slowly." Private interests, who efficiently and honestly operate their business, have little to fear from government ownership in the long run, *if their industries are fairly capitalized*. My Washington experiences taught me that socialism is most impractical, with people as ignorant and fearful as at present. When I see any experienced government official, Senator or Representative, arguing for government operation, I feel that in his heart he cannot be sincere. His experiences in Washington must have shown him that such operation is clumsy, wasteful, and inefficient. If the entire world could suddenly be organized on a socialistic system and kept thereon by an iron dictator, then socialism might stumble along. Any nation, however, *which now attempts to operate under a socialistic system in competition with nations operating under private control and initiative* would be licked to a frazzle. The people of a nation may steal the property which has been accumulated by generations under the present system, and operate thereon so long as this capital lasts, but when it is gone they will reach the end of their rope. Remember that the Communists of Russia did not start from scratch; but for a foundation confiscated the capital which private interests had been accumulating for hundreds of years.

After the Armistice, the Democrats themselves saw that this great bureaucracy which had developed in Washington during the war must be curtailed. They thereupon arranged for the House Committee on Appropriations to hold a series of extensive hearings. It might even be said that these hearings began some months before the Armistice was signed. I personally was first called on the carpet on Friday, May 31, 1918. I shall never forget that day at the Capitol when I was grilled unmercifully both by Chairman Byrnes of that committee and by the hot weather of that year. The real slaughtering came after the Armistice. Although I put up a fight for those in my employ who were dependent on the work for their bread and butter, yet my sympathies were with the Democratic leaders working for economy. They found that it is difficult to "trim," and that it is much easier to abolish a department or bureau altogether than to determine who shall stay and who shall go. Therefore, speaking frankly, we were all "thrown out the window" with the close of 1919. This was entirely proper. I went back to Wellesley to attend to my own business, and my associates went to their respective homes. We all were satisfied with having a part in "winning the war."

A BOOMERANG

I thought on December 31, 1919, that I was saying good-by to Washington, but I was mistaken. The Republicans began to get busy. The Republican National Committee put a force of men at work to dig up every foolish, extravagant, or questionable thing that was done during the Democratic administration. Different political leaders were appointed to institute specific investigations. Senator Smoot of Utah was assigned the task of investigating the government printing expenses, and he certainly did a good job. Among his star witnesses was your humble servant who is writing this book. When a man was putting out millions of printed words a month, as I was during the war, he naturally said a good many things which looked foolish after the war was over. All of these Senator Smoot dug out in his campaign to curb the government printing bureau and restrict the use of same by government departments. I agreed fully with what Senator Smoot was trying to accomplish, although I naturally disliked being used as the leading horrible example. However, this was all a part of my education.

I always think of my experience with Senator Smoot when seeing the advertisement of the florists, "Say It With Flowers." When I went to Governor Coolidge for sympathy and advice, he replied: "Babson, you should learn always to save the letters of others, but never to write letters yourself." This investigation gave me considerable unfavorable publicity. I was not disturbed by its effect on my reputation, as I have always been subject to keen criticism and my hide has become thick and hardened. I was worried, however, as to what my good father would think who lived in Gloucester, Massachusetts, and had not been to Washington for over forty years. I was greatly relieved, when, going down there to see him, to have him smile and point to that motto hanging up in the back of his desk which read:

REMEMBER THAT CODFISH WOULD NEVER
HAVE BEEN CAUGHT IF IT HAD NOT
OPENED ITS MOUTH

Considering that my father was living in the largest fishing-port in the world, the principal business of which was catching codfish, the thought is admirable. At any rate, it allayed all my fears, although, unfortunately, I have not learned as yet the importance of letting the other fellows do the talking.

UNITED STATES BULLETIN

Although I severed all connection with the government on December 31, 1919, I did take over, at the request of certain Cabinet members, the publication of the *United States Bulletin*. This was started by the Committee on Public Information as a daily, but I continued it as a weekly. This weekly I put on a subscription basis, and published it from 10 Jackson Place throughout the reconstruction period. Later, the name was changed to *United Business Service* and it was transferred to Boston. Our interests in this were afterward purchased by my cousin, Paul T. Babson, who developed it into a splendid service. Its character has, of course, changed since I operated it in Washington. It now is devoted to commodity and investment information. My cousin puts out his Washington news through the Kiplinger Service, of which he is a part owner.

Although my family had moved back to Wellesley, I still kept an old negro as housekeeper at 1115 Sixteenth Street so long as I operated the *United States Bulletin* from Washington. After the election of Warren G. Harding as President and Calvin Coolidge as Vice-President, I learned that Edward T. Clark, who was with Stone & Webster in Boston and who served as secretary of a company in which I was interested, had become the personal secretary of Vice-President Coolidge. Mr. Clark had excellent training, having served a long number of years as private secretary for Henry Cabot Lodge. Mr. Frank W. Stearns, who was handling the Coolidge campaign, suggested that I might like to have Mr. and Mrs. Clark live in my house at Washington. I was delighted, of course, to have them do so, and I learned to love and respect them. At that time Vice-President Coolidge was living at the New Willard Hotel, and Mr. Clark had his office at the Capitol.

WASHINGTON FRIENDS

When Calvin Coolidge succeeded to the Presidency, Mr. Clark moved his office to the White House. He was a wise man, and I surely learned a great deal from him, under both Republican and Democratic administrations. Usually I took his advice. Once, however, I failed to do so, and I have always regretted it. Let me tell of this. Directly after the Roosevelt inauguration I went to Mr. Clark and said: "Ted, what would you do if you had your money in utility stocks?" He replied at once: "I would sell them today and invest the money in gold stocks." Let me add that within two years these public-utility stocks went down almost to nothing, while gold stocks multiplied in value tremendously. Ted Clark seemed inconsistent at times, but I have learned that inconsistency often means trying countless different methods to accomplish a steady purpose. In doing this he was truly consistent.

Like a general directing the movements of an army in storming a position, a successful politician will first attack in front, then from the flank, then from the rear, then from beneath by sapping, and finally overhead from the air. Many politicians who are criticised for inconsistency are really remarkably stable. They are consistent as to the fundamental purposes they desire to accomplish. I left Washington with a really solid respect for politicians; *also with the knowledge that no layman should try to compete with them.* To succeed in politics one should, by inheritance, training, experience, and "digestion," be prepared for the task.

Although while in Washington I did continue to have my daily rest after luncheon, I failed in other respects to give my health the care that it required. This neglect, together with my working indoors, broke me physically, and culminated in an appendicitis operation at the Massachusetts General Hospital in Boston on September 9, 1918. Before this collapse, however, I had the privilege of getting acquainted with Mr. George J. Babson and family, who had a beautiful estate at Leesburg, Virginia. He was a real friend, and it was a pleasure to spend a week-end with him and his family. Visiting him was about the only recreation which Mrs. Babson and I took during those two hectic years. As I look back on those war years, it is evident that I made two major mistakes; first, I took the foreign war propaganda too seriously; and second, I neglected both my own health and that of others. It is a great thing to be able, under all conditions, to avoid getting excited or getting sick. Perhaps the two go together.

At any rate I left Washington with a determination to devote my entire time to the clients of *Babson's Reports*. There have been periods—as explained in the latter chapters of this book—when I gave much energy to what may appear as outside affairs, but these really were not. They were *fundamentals* upon which all business and investments depend. Whatever I do, I have in mind both my clients' immediate welfare and insuring the future of *Babson's Reports* after my demise.

I was never intimate with President Truman.

Chapter XXI

MY LABOR EXPERIENCES

DURING my boyhood days there were no such things as labor unions or labor troubles in Gloucester, Massachusetts. All the industries of the city were locally owned. The employers called their wage-workers by their first names; and in many instances the wage-workers likewise called their employers by their first names. I never heard of a labor union until 1894—at the time of the "Haymarket" troubles in Chicago and the great Pullman strike. This was the year when I entered the Massachusetts Institute of Technology. The fishing business—which was the main industry of my home city—was operated "on shares." When a vessel had a good trip, the owners and the crew both made money; but when the trip was a failure, neither got anything. The fishermen received no wages, although they were fed aboard ship by the owners.

Labor troubles in Gloucester and other cities seem to start when either the second generation comes along to operate a business, or when it is sold to absentee stockholders. This has especially been true of the woolen, the cotton, and the shoe industries of New England. I had no labor troubles in connection with the highway work in which I was engaged during my four summers at the Massachusetts Institute of Technology. I have thus far had no labor troubles of any kind in my own business, or, in fact, in any of the other lines of business with which I am connected. Therefore, when I went to Washington as a war worker in 1917 and was assigned to the Labor Department, I began and continued as an impartial worker.

LABOR HISTORY

My first task was to get acquainted with the history of the Department. The Department of Labor really started with the Bureau of Labor Statistics, which was a part of the Department of Commerce. I found, however, that between 1864 and 1902 over one hundred separate bills had been introduced into Congress providing for a Department of Labor. The story of the organization of this Department is given in detail in Chapter XV of my biography of William B. Wilson, the first Secretary of Labor.[1] It is interesting to note that the formation of such a Department was constantly and desperately fought by employers.

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[1] Published by Brentano, New York, 1919.

Not until March 4, 1913, was the Labor Bureau separated from the Department of Commerce, thus bringing a new member into the President's Cabinet. This new member was William B. Wilson.

The arguments of the "brain trust" of those days are exceedingly interesting in the light of what has since happened. They believed that production had reached its maximum by 1912; that further new inventions were probably unlikely; and that no new industries could be expected. Therefore, they felt it vitally necessary to have some department "devoted exclusively to the protection and stabilization of labor." Is it any more reasonable to believe that employers, labor leaders, and welfare workers may not be as mistaken today as they have been so many times before? However, I cannot take more space in discussing labor history, but must hasten to tell what I learned during my work in Washington. Briefly, I learned that there are five vital questions in connection with labor relations. It happens that these are best illustrated by different Secretaries of Labor. Let me explain them to you as they appear to me.

WILLIAM B. WILSON

The first Secretary of Labor, William B. Wilson, had a most romantic life. As we would sit together in his office, after all the employes had left, I loved to hear him tell of his experiences. He was born during a labor strike in Scotland, in 1868. His mother and father were evicted from their little two-room brick house the day before he was born. His schooling ended when he was nine years old, at which time his family emigrated to this country, where he was put to work in the coal mines at Arnot, Pennsylvania. For some twenty years he toiled underground, going to work before sunrise and not leaving the mine until after the sun had set. Yet there was never a speck of bitterness in the life of William B. Wilson. His whole philosophy was that only intangible things, rather than material things, stand between labor and capital. He continually stressed that labor troubles could be eliminated only through the development of love, hope, sympathy, understanding, and recognition. Almost every labor difficulty, he believed, hung about these words. He was a very emotional man and believed that labor troubles were largely emotional. We together attended many conferences where employers and labor leaders were so bitter that they would not speak one to another. Yet I never knew an instance where Secretary Wilson would not unite them in common agreement.

The attorneys and experts representing either employers or wage-workers would come armed with tables of figures and volumes of facts. These papers they would lay before Secretary Wilson. But would he look at them? No. The Secretary knew that men are reached only through their hearts and not through their heads; and that few people can be convinced by statistics. He realized that both wage-workers and employers are actuated by sentiments and not by facts. Hence he would appeal to both sides as trustees of a community or industry and as fathers and brothers of a family. He would appeal to the patriotism, to the hope, and to the sympathy of both sides, realizing that both employers and wage-workers are honest from their own points of view. He would often say to me: "Babson, every side has some good points; let's try to bring them out. Both sides can agree on a few facts; let's talk about those few upon which they are agreed. Wage-workers are not fighting for more wages or shorter hours so much as for recognition. Although they insist on recognition of their labor union, they are primarily interested in the recognition of themselves as individuals." Secretary Wilson was always poor in worldly goods, but much beloved and respected by both employers and wage-workers.

JAMES J. DAVIS

The second Secretary of Labor with whom I worked was the Hon. James J. Davis. He was born in Wales in 1873, his father being an ironworker. In 1880, the family emigrated to this country, and Jim began work at Sharon, Pennsylvania. In temperament, James J. Davis was entirely different from Secretary Wilson. Secretary Davis was a born optimist of the salesman's type, rather than of the philosopher's type. Although he was always proud to tell me that he still carried a union card, yet he did not long remain an iron-puddler. When a young man he became interested in the Loyal Order of Moose, and finally became its head. He was a good business man and a shrewd investor. I assume he was quite wealthy when he was chosen by President Harding as the second Secretary of Labor.

Secretary Davis always preached the necessity of increasing production. He would urge me to inspire the workers to produce more, and would insist that only through new inventions and increased production would labor make real headway. He would tell labor leaders that unless production increased, increased wages would result only in increased prices. In his talks with me he would especially emphasize the importance of building up foreign trade as well as trade in this country. Once he sent me a personal memorandum on this subject, which read:

> Labor's welfare depends upon *improving the quality and increasing the quantity of its output.* We are in competition with the workers of every other part of the world. If we propose to go into the world markets—as we certainly must do if we are to do business on any large scale—then we must push this national slogan "Increase the quantity and improve the quality! Better work, and more of it!"
>
> We American workers who put confidence in a full day's work for an honest day's pay, and are accurate, earnest, and enthusiastic in our work, must see to it that no shirkers disgrace us. They not only disgrace us, but land themselves on our backs. Instead of finding fault with our employer, let us all find some way of helping him to put the products of our own country into the markets of the world.

There are some who must give up the old fallacy that restricting output helps to keep wages high, by keeping prices high. It does nothing of the sort. The one great economic law we all need to learn is that the more we make the more we have. The more goods we turn out, the more wealth we create. We cannot have wealth unless we make it. By cutting down output we make ourselves poor, as certain as fate. The truth of this will come home to every worker, and hit him squarely in the pocketbook.

I was a happy worker in a tin-mill. In those days I was inclined to fall in with restricting output. It did not take me long to learn that if I restricted my output of tin, I had to pay higher for the tin pans in my house and for the tin roof on top of it. The ironworker who restricts his output only forces himself to pay much higher prices for everything of iron. Another thing: All workmen have not the same ability or skill to produce alike, and the tendency in some places has been to regulate production by the output of the poorest workman; but this also creates high prices. We should remember that the workman himself has to buy the goods which he makes.

We must produce if we want to prosper. Each man must produce his utmost according to his skill and ability. The one guarantee of the best wages and the ability to buy goods at the right prices comes back to this—we must all raise the quantity and the quality of our output. But let the business man and employer remember that human strength has its limits and that the man who toils with his hands cannot do more work at top bent every day of the year than the professional or business man. Allowance must be made for human frailty in the day laborer who needs a vacation as much as the business man. The utmost that a man can do, if he does it conscientiously, is all that can be asked. If we do produce to our utmost, then for this generous production we have a right to demand a generous wage, so that when old age approaches and the time comes for the final lay-off, that lay-off is what it should be—the well-earned vacation.

WILLIAM N. DOAK

The third Secretary of Labor, with whom I was also acquainted, was the Hon. William N. Doak. Mr. Doak was born in 1882, in Wythe County, Virginia. After elementary schooling, he went to work for the Norfolk & Western Railroad Company as a yardman, and soon joined the Brotherhood of Railroad Trainmen. He seemed to have a natural turn of mind toward legislative matters, and shortly was employed by the union to give his entire time to such problems. He therefore became thoroughly trained in the technique of labor legislation. Hence, when he was appointed Secretary of Labor by President Hoover on December 9, 1930, he brought to the Department a point of view different from that of either of his predecessors.

Secretary Doak was not an adept in settling labor disputes as was Secretary Wilson. Neither could he make an inspiring speech like Secretary Davis. His great interest was to preserve freedom for the wage-workers of the country. Compulsory arbitration was anathema to him. I was inclined to believe that only through compulsory arbitration would labor troubles be solved. I felt this especially applied to disputes affecting the railroads and other industries vitally bearing on economic life. Secretary Doak assured me that I was wrong and that compulsory arbitration would be suicidal to all parties. If William N. Doak had lived, he certainly would have disapproved of the various New Deal experiments under the Roosevelt administration. One of the last things he said to me before he died was:

> In times of great prosperity, such as we enjoyed in the years 1928 and 1929, the claim is made that the functions of government in human and economic affairs are limited in character. The reverse, however, is preached as a sure cure-all in times of depression. Certainly such a change of position does not square with the rules of consistency. If, during periods of prosperity, the strong hand of government should be withheld from interference with the financial and business world, it seems surely to follow that when financial and business conditions are depressed the hand of government likewise should be restrained from interference. Or, presented in another way, if governments should be restrained from collecting large sums from industry when industry is best able to contribute, why should governments be expected to assume burdens to meet reverses of industry in periods of depression? If the law of supply and demand is an infallible rule for the proper conducting of business, then this rule should be able to stand the acid test just as well in times of depression as in times of prosperity.

FRANCES PERKINS

The fourth Secretary of Labor was Miss Frances Perkins (legal name, Mrs. Paul C. Wilson). She was appointed Secretary of Labor by President Roosevelt on March 4, 1933. She emphasized security as the great thing that labor desires. She traveled from the Atlantic to the Pacific, urging unemployment insurance, sickness insurance, maternity insurance, and old age insurance. She was a graduate of Mount Holyoke College, and brought to the Department the best educational background of any Secretary of Labor. But she seemed imbued with the idea that everything could be straightened out with proper legislation. Even in her personal relations she appeared best before congressional committees. She always appealed for the under dog, yet personally she seemed hard-boiled and void of the sentiments and sympathies which make life worth while.

Frances Perkins would attack labor problems as a surgeon would operate on a sick patient. Her sympathy was intellectual rather than from the heart—at least this is the way it seemed to most of the employes of the Department of Labor. However, her addresses and writings have presented this feature of security in a way never before emphasized by other Secretaries. She had a distinct "program" which the Department of Labor never seemed to have before, although it is to be questioned whether her *programs* accomplished as much as the *heart throbs* of former administrators. Her program included old age pensions, unemployment reserves, public-work expenditures, free employment exchanges, stabilization of employment by industries, and an industrial agricultural policy. She stated this as follows:

> Let us take the question of provision for old age. Elderly people who are past the years when they are expected to work hard should have some sort of security. They should not be competing with young workers and those of middle years in a market for the relatively few jobs. Certainly every state should have legislation providing for persons who are no longer able, on account of advanced age, to earn for themselves or, on account of meager pay and heavy responsibilities, have been unable to save for the future.
>
> This question of the older worker brings up another aspect. The age at which men and women have been considered undesirable for many types of work has been creeping lower and lower. This trend has been working considerable hardship and injustice. With the increase in automatic machines and labor-saving devices, cutting down the number of required workers, it is imperative to formulate a program to safeguard the interests of these workers.
>
> With proper functioning of adequate government employment agencies, greater effort can be made to adjust and retain many of the so-called older workers who are still capable and for whom there should be a foothold in the occupational scheme of things, with proper value upon their experience and mature judgment.
>
> Let me now take up another innovation—the matter of establishing unemployment reserves. I believe that some form of compulsory reserves against unemployment should be built up by employers when business is good again. They build up surplus funds for payments of dividends in an industry over lean years. It is to be expected that they will provide for supplemental compensation to be paid people out of work through no fault of their own in the future.
>
> Some kind of fund—unemployment insurance or whatever it might be called—that would compel employers to sharpen their wits and prevent these valleys and peaks of activity, is highly desirable. We Americans are an ingenious people, as proof of which witness our mechanical inventions and system of mass production. Surely a people that can point to such achievement could evolve satisfactory schemes to take care of the other side of the problem—the human equation—to guarantee steady employment and an adequate system of mass consumption through a maintained purchasing power.

FIVE GREAT PROBLEMS

From these four personalities I learned about the four outstanding problems in the relations of employers and wage-workers. These are: (1) The question of recognition; (2) the results of increased production; (3) the inadvisability of compulsory arbitration; and (4) the desirability of legislative pensions, insurance, etc. Since "graduating" from the Department of Labor, I have functioned with labor only directly in connection with my own affairs. My business interests have continually broadened, and naturally labor problems have come up. I am no labor expert and may be all wrong, but my reactions are that the first Secretary of Labor was far sounder than any of his successors. I remember once being asked to speak on labor problems before a Washington audience and going to the Hon. William B. Wilson for some suggestions. He replied: "You might begin by telling them that one hundred years from tonight someone will be speaking on the same subject on the same spot. You can close your address by telling them that labor problems will never be settled by legislation, but only as more of the spirit of Jesus Christ gets into the hearts of all groups." Surely the only security which any group ever gets comes through integrity, industry, and intelligence. Congress may legislate pension and insurance benefits of all kinds, but what good will such legislation do unless the money is available to pay these obligations? What good is the money unless it has a value to purchase food, clothing, and shelter? How can these things be purchased unless they are first produced?

I said early in this chapter that there are five questions in connection with labor troubles. I have just referred to four of them. Let me now comment on the fifth, which no Secretary of Labor has yet had the courage to emphasize. I refer to the need of better labor leaders—labor leaders of integrity, intelligence, and courage. Every labor union has started from just causes and has grown from real needs. Too many of these labor unions, however, have ultimately got into the hands of officers who are interested primarily in their own incomes. When they see that it benefits them personally to favor employers, they favor employers; but when they see that it benefits them most to stir up trouble, they stir up trouble. Labor unionism, like capitalism, is based on the fundamental law of self-preservation, but both have too often developed into rackets. Hence I say that the fifth problem is the question of leadership—leadership among both wage-workers and employers.

COOPERATION PLUS STRUGGLE

All labor problems, as I see them, will be solved only through cooperation. I remember a little skit at a Gridiron Club dinner which I attended in Washington, the night of December 8, 1934. At the time there was great discussion about the famous Section 7-A of the National Recovery Act, which section referred to collective bargaining. At this dinner a Pullman car was set up on the stage, with the berths made up and the green curtains down. Both Henry Ford, who had fought Section 7-A, and William Green, president of the American Federation of Labor, came into the car, each with a Pullman ticket entitling them to Section 7. A row immediately developed, and the poor porter did not know what to do. Finally, the conductor came in dressed up as Uncle Sam He called both Henry Ford and William Green to him and whispered something in their ears. They then both shook hands, undressed, and climbed into Section 7 together.

Another story which was commonly related in the Department of Labor to aid in settling disputes in this. The officers and crew of a vessel were wrecked on a South Sea island. When the natives put them into captivity, they strapped long iron spoons on their arms, so that they could not bend their arms. One group they threw into one camp, and another group into another camp. In both camps they set each day a pot full of soup. One group starved and the other group fattened. The reason was very simple. The group which starved thought only of feeding themselves, and, being unable to bend their arms, could not do so; while the other group developed the cooperative plan of feeding one another. As it was not necessary to bend their arms to get the spoon up to the mouth of another chap, these all got fat and prospered.

Another illustration which we used was in connection with the catching of birds by nets, as is common in some tropical lands. The net works because each bird, thinking only of itself, starts to fly away in a different direction. Hence the birds get all mixed up and the net catches them. Some flocks of birds, however, seem to follow a leader and all fly in the same direction, carrying the net with them. Then when they and the net are in the air, the birds reverse their flying and become free from the net. I really am not an authority on labor and should not attempt to advise on the subject, but I firmly believe that cooperation, rather than strikes, legislation, or any other plan devised by man, is the solution of the labor problem. This solution, moreover, must be depended upon *whatever the form of social organization we are to work under in the years to come*. On the other hand, no group should underestimate the importance of struggle and competition.

LABOR LEADER'S SECRET

The fact that both employers and wage-workers seem for the most part to lack this spirit of cooperation makes me rather bearish on the securities of highly-organized industries. For instance, it became very evident during my association with the Department of Labor that there is very little hope for stockholders in most railroad companies. As fast as cream would rise to the top, the railroad employes would make a demand for increased wages and the cream would be taken by labor. Hence I endeavor to keep clients' money invested in the stocks of industries which are not highly organized. As soon as an industry is operated under a closed shop, we find it is usually well for stockholders to liquidate. This does not necessarily apply to bondholders, as labor leaders do not like receiverships.

In the last analysis, ninety per cent of the strength of organized labor is political. Samuel Gompers, the greatest president that the American Federation of Labor ever had, knew this very well. He realized that without political interference, the law of supply and demand would settle every labor difficulty, irrespective of the desires either of employers or wage-workers. Hence this policy was to threaten a great strike and get the public all stirred up, so that government officials would be obliged to intercede. Samuel Gompers never wanted great strikes. He knew that such strikes would be useless and only bring hardship to all parties concerned, including the public. He further realized that the public themselves would ultimately become impatient and put an end to these conflicts. Samuel Gompers, however, figured that it was necessary to threaten strikes, and perhaps start them, with the idea of bringing the government into the picture and forcing arbitration. In this way the wage-workers always got something, although in the long run the law of supply and demand should determine who will finally win.

As an employer, I have never tolerated indifferent work, but I have tried to be fair, friendly, and appreciative. If I have worked my people too hard, it is because I became too enthusiastic at times. It has been like working with a jig-saw puzzle, and becoming so absorbed in fitting in one more piece that one is soon working into the small hours of the morning. I have never asked persons, however, to do anything that I was not ready to do myself; and, furthermore, I have tried to share the glory or blame with them. I have been sorry for losing my temper at times, but even my "temperament" has always been followed by repentance and shame. Business has taught me that success comes not through a drafting-board or stop-watch organization, but through the spirit of cooperation, whereby all pull together under a common leader. The most important step in connection with employment problems is determining who is to be employed in the first place.

EXPERIENCES WITH HENRY FORD

I sometimes think I have spent too much time in conferences and powwows. I remember once a man entered my office at Babson Park and went to the switchboard operator, saying he would like to talk to me. The switchboard operator replied: "I am sorry, but Mr. Babson is at an important conference." The man asked the telephone operator to phone in to me, "Conferences are a waste of time." In the course of five minutes, hearing nothing, the man again went to the switchboard and asked the operator if she had sent the message in to me. She had the presence of mind to say: "No, I have not; but who shall I say sends in this message?" The man meekly replied: "Henry Ford." She then got busy and relayed to me the message. Of course, the conference immediately broke up and I did some important business with Mr. Henry Ford. This man has been pictured as austere, remote, and mechanical. The Roosevelt administration looked upon him as an impossible Bourbon. The fact is, however, that Henry Ford turned statistics into dynamics; dynamics he enlarged into humanics. Actions and reactions again!

The Law of Action and Reaction, as applied to human relations, was the cornerstone of Henry Ford's success. He was a veritable wellspring of humanity. Although a natural dictator, he always believed, like Burns, that "a man's a man for a' that." Nevertheless, Henry Ford, like most self-made men whom I have known, was sorely tempted "to worship his creator." Labor troubles, like bankers' tips, have taught me that we cannot take things for granted and cannot believe even what our friends tell us. The only safe way is to find out for oneself, rather than blindly to take the advice of others. It is important to develop the habit of making decisions rather quickly and of standing by them until they have been proved wrong. The real question is not whether we are ever wrong, but what percentage of the time we are right. Certainly labor problems emphasize the great importance of common sense. After Miss Perkins' resignation the Labor Department became too much involved in politics for me to follow it further. Besides, the clientele of *Babson's Reports* were learning to look elsewhere.

IMPORTANT PERSONAL LETTERS

In closing this chapter, permit me to present three letters from my files of those Labor Department days. The first is a letter which I wrote to a prominent manufacturer; the second is a letter which I wrote to a prominent labor leader; and the third is a letter which I wrote to Dr. Charles W. Eliot, then president of Harvard University. President Eliot had written me, appealing for the *laissez-faire* doctrine "under all circumstances." Although I have always fought for those fundamental laws concerning supply and demand, rewards and punishments, and the survival of the fittest, yet I did feel compelled to write the president of Harvard College as stated in this letter.

A LETTER TO A PROMINENT MANUFACTURER

November 9, 1918.

DEAR MR. JONES:

After you left last night, I could not get out of my mind your statement: "To hell with dividends or profits. I will shut up the plant and let the machinery rust before I'll ever give in to those workmen. It isn't a question, Babson, of wages or hours; it is a question of self-respect. I have always run my business, and I am always going to."

Of course I understand why you feel this way. The indomitable energy and determination which you are now displaying in this labor conflict has been doubtless a great factor in your success. When your associates have been discouraged about the condition of business, you not only kept up your own courage, but you kept your whole industry from going to pieces. Your disposition "to fight it out whatever the cost" has been of great service to your community and to the whole country. Therefore, I feel toward you now as I do toward my daughter when I see a schoolteacher trying to knock the individuality and will-power out of her. Your general attitude should be encouraged rather than discouraged.

On the other hand, there has been an additional factor in your success in the past—namely, you have been fighting a fight which you thoroughly understood. You know steel, you know the transportation game, and you are thoroughly acquainted with your industry. Hence, being headed in the right direction, your energy and determination make you invincible.

But when it comes to labor problems, you are dealing with something very different—namely, human nature. Not only are you not an expert on human nature, but you know little about the lives, aspirations, and temptations of the special human nature which you are up against at the present time. It is all right to drive ahead when you are sure you are right; but, if you are not right, the driving ahead means disaster. When one is running a locomotive on the right track in the right direction, he can open the throttle wide; but, if he gets on the wrong track, and another locomotive is coming toward him on that same track, then beware!

However, I am not going to lecture you on human nature. I do not know much about it myself, except what I have learned from a few masters. But I want to remind you of this fact, *that the same fundamental motives of self-respect, self-preservation, and self-propagation which today are actuating you, are likewise actuating your employes.* It is not a question of wages and hours with them; it is likewise with them a question of self-respect. If you have any doubts about this, read the history of the nation's great strikes. No body of men, women, and children would, for any direct economic advantage, go through what some of these groups have voluntarily gone through. The slightly higher wage could never offset the loss and privation which they have suffered. They realized this all the time they were fighting the battle.

The real question before you is not whether ultimately you are going to win or they are going to win; but rather, whether, in this first conflict, you will both win or will both lose. If you and your associates insist on damming the stream, sooner or later the dam is going to break. Then this country will witness a reign of bolshevism such as exists in Russia and is spreading to other nations. On the other hand, if you would only realize that these people are not trying to get your property, but are simply striving for an opportunity to develop the qualities of self-respect, self-preservation, and self-propagation which are the basis of your own life, then you both will cooperate together to the benefit of all concerned.

These people want a new heaven and a new earth; but, really, you want the same thing. Your motive is just as high as theirs. But you think that you must be the father of that new heaven and that new earth. You forget that it must be worked out through cooperation. You remember when you were in your teens and finally broke with your father because you wanted to develop your own individuality, you thought the old man did not understand you and was hard-hearted. So you left him. Now, these workers of yours feel the same about you. Give them some rope. Do not insist on their being tied longer to your apron strings. Recognize that they have some self-respect, as well as you, and are willing to suffer for it as much as you are. They are as interested in self-preservation as you are, and are as much entitled to it as you are. They love their wives and children and want to perpetuate their family name just as much as you love your family and want to perpetuate your name.

Of course, the risk is that you will not agree to this. If so, there may some day be a clash of property rights and you may lose all; but this is unnecessary. If you would only meet your employes on the fundamental issue, we could easily show them that there is not property enough in existence to make a new heaven and a new earth, and that better conditions cannot be brought about by redividing what already exists. If you would only help Secretary Wilson, he could show these people that the only way truly better conditions can come is by all of us getting together and cooperating. But before they will listen to him, I must convince them that you are willing, that you do recognize that they are entitled to self-respect, self-preservation, and self-propagation.

You have built up a great industry, so that you now have power and wealth and every physical thing that you want. You have no possible selfish motive for acquiring more. If I had your opportunity, do you know what I would do? I would just try to feel toward these people working in the plant as you feel toward your family, or as a good army officer feels toward his men. Now that you have acquired all that your blood relations can possibly spend, why not, with the same energy and determination, fight the game for these workers in the plant? Why stop until they have at least the opportunity to have what your own children have? Why would it not be just as big a thing to do this, as to try to beat the other fellow in putting out a little more steel? Surely there would be lots more fun in it.

Very truly,
ROGER W. BABSON.

A LETTER TO A PROMINENT LABOR LEADER

November 22, 1918.

DEAR MR. GOMPERS:

During the war I patiently sat at your feet and shaped my course largely in accordance with your suggestions. We all had the whip of patriotism to use in those days. You could use it to whip the wage-workers into line, and I could use it to whip employers into line. Those days, however, are now over.

From now on, instead of the danger of a common enemy holding us united, the scramble for the general booty will send us all in different directions. Not only has the rope been cut which, during the war, has been keeping different interests together, but there is bound to be a general stampede for the spoils. Capital will try to get back anything it has lost during the conflict; labor will try to hold what it has secured during the conflict; while the general public will wail for lower prices. I have this morning written a letter to some of my wealthy friends, advising them very strongly not to attempt to sit on the safety valve. I have explained to them that in their attempt to return to pre-war economic conditions, they will run the risk of losing everything. Bolshevism is simply the reaction from Bourbonism. I am, therefore, urging my friends to loosen up, to give up some of their special privileges and try to make opportunities more equal for everyone.

Let me, however, suggest that labor has its evils which it must correct. You must teach your men, for instance, that they can get richer only by producing more. As the Secretary of Labor has so often said: "If nothing is produced, there is nothing to divide." Hence, before we discuss distribution, we must have production at a maximum commensurate with decent hours and conditions. As you, yourself, know, labor has not bettered itself, and never will better itself in the long run, by restricting production. On the other hand, it may be folly to preach economics to the men. Possibly, they can learn only from sad experience. But I wish that you might discover some way to revive in them the real desire to produce.

Man, by nature, loves to make things—to hunt and fish, to build huts and to raise a family. Physically, the masses are still anxious to propagate; but economically they are eunuchs. The factory system has, from an economic point of view, castrated the working-people. The hope of the nation lies in reviving that desire to produce in the hearts of these people. Cannot you get your associates to recognize this truth and devise some plan which will again revive in the working-people of America a desire to produce and a joy in production?

I have just been talking with a boy who voluntarily is regulating his diet at home, putting himself through a most ardent course of training, to help his school win a footrace. He has paid absolutely no attention during the past year to the advice which his parents have given him regarding taking care of his stomach; and, when his mother used to ask him to run an errand, he thought he was killed. Yet now he voluntarily is training himself. It's not work to which people object. It's not short hours that your people need. The real thing for which they are hungering is joy in their work. When one gets joy from his work, it ceases to be work; it is a pleasure. We talk about ambition, initiative, enterprise, and such things, as lacking in the masses. The real truth is that these qualities are simply the reactions of loving your work, that's all.

Just one thing more in closing. Employers do not object to high wages. Every successful employer will tell you that the man to whom he pays the most is his cheapest man, even if the salary is $24,000 a year. It's not hours in which employers are primarily interested. They realize that one man working an hour a day, one day a week, could easily produce an idea which would be worth to them a thousand times what the average man produces working eight hours a day six days a week. Cannot you get this fact across with your unions? In other words, cannot you show the unions that all they have got to do to have their unions generally recognized, and to have collective bargaining become a permanent part of business machinery, is to "sell" these ideas to the employers? Instead of *arguing* that the union, and collective bargaining, etc., are better, *just demonstrate that plants operating under such ideal labor conditions produce the most goods.* This is the way every big movement has ultimately been put across. Of course, this is just a suggestion which I pass along for what it is worth; but please think it over.

Very truly,
ROGER W. BABSON.

January 29, 1919.

DR. CHARLES W. ELIOT,
Cambridge, Massachusetts.

DEAR MR. ELIOT:

I am very much interested in your letter of January 27, defending the *laissez-faire* system. As usual, you have gone to the heart of the matter, and it is well that you should. Our points of view, however, are radically opposite, and, in the interest of the truth the matter should be thrashed out. You say:

> "Employment is a waste when the unemployed are incapable of earning the current wages, or are unwilling to. . . . To pay them more than they can possibly earn is also a waste. . . . Secretary Wilson's advice to towns and cities that they build as much as possible immediately at present prices of labor and materials seems to me unbusinesslike, and indeed immoral. . . ."

I am frank to say that this statement is in accordance with the economics which I was taught at the Massachusetts Institute of Technology. Assuming that human relations are similar to property relations, such teaching may be correct. I, however, do not apply such economic teaching to relations with my children. In my relations with my children, I put the development of the child first, and the productivity of the child second. I realize that the child must be made self-sustaining; but keep in mind that the ultimate purpose is to develop the child as a human soul rather than simply to add another producing piece of machinery to the world's manufacturing capacity. When it comes, however, to dealing with somebody else's child, we all consider, not the good of the individual, but simply the product of the individual. It is not my place to tell a man of your wider experience and knowledge which is the proper method. You, however, must admit that there is no reason why we should treat our children in accordance with one system, and our neighbors' children in accordance with another. If the economics which you preach—and which I was taught—are sound, then we should apply them to our children and the other members of our family, even if they crushed those finer sentiments of sympathy, love, hope, and understanding. On the other hand, if we insist on putting the human welfare of our families ahead of their productivity, then we should apply the same humane principle to the working-classes as a whole. They, in many ways, are children not having had the advantages with which so many of us have been blessed.

Very truly,

ROGER W. BABSON.

President Eliot's criticism especially is interesting because leading Harvard professors, only fifteen years later in 1934, stated "there is nothing in the *laissez-faire* doctrine and never was." Probably this debate will go on for centuries. In the meantime six colleges have graciously awarded me honorary degrees of Doctor of Laws. These are as follows:

University of Florida	1927
Elon College	1937
Hendrix College	1938
American Theological Seminary	1939
Lebanon Valley College	1940
Stetson University	1940

Chapter XXII

TRAINING MEN FOR BUSINESS

IN THE fall of 1908, I was building a garage in the rear of my home at 31 Abbott Road, Wellesley Hills, Massachusetts. The contract had been let to Mr. Charles A. Norwood, of Gloucester, Massachusetts. Among the carpenters whom he brought from Gloucester was a bright young man named Sidney A. Linnekin. This chap made an impression on me because, when I wanted to have some carpentering done on the house on a certain Saturday afternoon when I was at leisure, he was the only carpenter who would remain at work. His doing so not only won for him a warm spot in my heart, but gave us a chance to talk and get acquainted.

LINNEKIN AND LONDON

Gus Linnekin after graduating from the Gloucester High School wanted an opportunity to study economics and especially train to be a bond salesman. His ancestors had all been seafaring men. His father was then captain of the steamer *City of Gloucester*, which plied between Boston and Gloucester through fair weather and foul. I was so impressed with Gus Linnekin's desire to study that I finally decided to start a Correspondence Course on bond-selling. Therefore, while he was at work on the garage I spent my time preparing lessons for such a course. Finally, when the garage was completed, Gus retired from carpentry. He studied my courses in the evening and sold them by mail in the daytime. As a result, we developed the first courses on bond salesmanship ever offered in this country. We later took over the poster and pay-envelope work which I had developed at Washington and which Senator Smoot threw out the window at the close of the war. Correspondence courses on economics, finance, and distribution were added. Mr. Linnekin finally became sales manager of this department of business education which was to grow to very large proportions.

When I went to college—that is, the Massachusetts Institute of Technology—no endowed school of business administration existed anywhere in the United States. Later, the Tuck School at Hanover, New Hampshire, and the Harvard Graduate School of Business Administration at Cambridge, Massachusetts, and the Wharton School in Philadelphia, Pennsylvania, were organized. Gradually, state universities, led by Northwestern University, at Chicago, opened such schools. These latter were four-year courses. The only undergraduate endowed business school in the world that existed when the Babson Institute was founded was the London School of Economics, at London, England. I attended lectures at this institution when I was in England studying the writings of Sir Isaac Newton in connection with the Law of Action and Reaction, and the laws of gravity. My Gloucester carpenter and this London institution planted a seed in my mind which lay dormant until an event happened which I must now relate.

"KICKED UPSTAIRS" IN 1919

For some years after my severe illness in 1901-02, when I was stricken with tuberculosis, I took excellent care of my health. With a sensible diet, lots of fresh air, and plenty of rest I became stronger every year, until I went to Washington at the time of the World War I. The pressure of work in Washington, combined with too great ambition to make a success, made me careless about my daily routine. I again overdrew on the reserves which I had stored up during those preceding fifteen years. In the fall of 1918 I came back to Wellesley to take charge of our Annual Clients' Conference. These conferences had already become quite a feature, and were attended by clients and friends from all over the country. They then lasted for one strenuous week. At the end of the closing session of this 1918 Conference, I went to bed sick. I soon became worse instead of better, and the physician diagnosed the case as acute appendicitis.

I was immediately taken by ambulance to the Massachusetts General Hospital and was operated on by Dr. Hugh Williams. When I came out of the ether, a nurse for whom my brother-in-law, a distinguished surgeon, had asked, was sitting by my side. She was my nurse for the three weeks that I was in the hospital, during which time we discussed nearly every question. When I was ready for discharge from the hospital, which was on October 1, 1918, the "flu" was raging throughout the country. People were dying right and left. Mrs. Babson thereupon urged this young woman to come to Wellesley and take care of me in a camp house on our estate to prevent my getting infected with the "flu." I, however, did not long have her services exclusively, because over thirty of my own employes soon fell sick and could get neither doctors nor nurses to take care of them. Within three weeks she became the beloved nurse of all. As a result, she remained with us and organized a First-Aid Department in our compiling plant at Wellesley Hills. In connection with this work she inaugurated all our welfare activities. She later became employment manager and finally became purchasing agent and treasurer. Her name is Nona M. Dougherty.

FOUNDING THE INSTITUTE

Up to this second illness I had thought only of business. I had gone more or less on the principle which most business men assume—that I was going to live forever. It never occurred to me that I would die some day and leave all my earthly possessions to others. As this new thought took root in my mind, it was watered and cultivated, with the aid of Mrs. Babson, by this young lady. They both saw that for once in my life I was in a humble mood and would listen to reason. When I asked what I could do to nail down my life-work, the founding of a school for training young men for business was suggested. If Mrs. Babson and I had had a large family of children, we probably would not have founded an educational institution; but with only one child, we decided to do something for young people in general.

As soon as my health came back, it was necessary for me to return to Washington; but when my work at Washington was completed in 1919, I immediately concentrated on founding the Babson Institute. The Institute opened on September 3, 1919, in our old home at 31 Abbott Road, Wellesley Hills, Massachusetts. This happened to be vacant, as we had just completed our new home at 67 Wellesley Avenue. I take pleasure in quoting from the first page of the first catalogue ever issued by this institution. Any mistakes that the institution has made have been due to forgetting the objects for which it was founded and as originally outlined. One thing more: Whatever may become of the institution during future years, it must always be recognized that it was the first school of its kind in this country, and perhaps the first in the world.

OBJECT OF THE INSTITUTE

> The object of the Babson Institute is to provide a two-year intensive course of training in the fundamentals of business for young men who by inheritance or other circumstances are to occupy positions of authority and responsibility.

The above was the opening sentence of the first catalogue, which then went on to read, in my words, as follows:

> The majority of the schools of business administration give courses primarily for men who regard their business education as the prospective lawyer regards the law school or the doctor the medical school. That is to say, they consider their business training a stepping-stone to entrance into professional business in which they expect to begin at the bottom and eventually climb to positions of authority and responsibility.
>
> What of the men, however, who by inheritance or other circumstances are to step immediately into responsible places, without preliminary experience? The Babson Institute provides a two-year course of intensive training for such men, with the idea of giving a comprehensive survey of the fundamentals of business. The work

especially treats of the law of equal and opposite reaction, with particular emphasis upon the following:

1. Business cycles and their effect on industry, commerce and prices.
2. Finance, banking and investments.
3. Psychology, handling of men, salesmanship, and advertising.
4. Personal efficiency, physical and moral well-being.

The Institute is founded upon four clearly defined ideals:

1. To develop a man physically, mentally, and morally.
2. To instruct him how to finance his business and take care of his property wisely.
3. To help him become a leader of men.
4. To impress him with the fact that it is the fittest who survive.

These principles permeate all the instruction given at the Institute. Physical and moral development is just as essential for a well-rounded life as mental achievement. The Institute does not attempt to impose any particular creed or religion, but insists on high moral standards. The teaching staff includes an instructor in hygiene. There is no specific gymnastic work assigned, but students are taught proper methods of caring for their physical well-being.

ERECTING LARGE BUILDINGS

The Babson Institute was founded, of course, as a day school, as at first it had no dormitories. It took over the correspondence courses which had previously been started. Unfortunately, this day school at first did not grow so rapidly as did the correspondence courses. The day-school tuition was too high and we were entering a field about which we knew little. We may have been well informed on finance, but we knew nothing about education. We soon found that education was a very old art, bound by the strongest traditions and controlled by the most self-satisfied men in the country. The Babson Institute operated with a deficit from the first. This deficit Mrs. Babson and I were obliged to make up. Having started the work, we could not retreat. Instead of curtailing, we moved the following year to the brick building on Washington Street, Wellesley Hills, now known as the Stuart apartment house. The Institute continued to operate at a deficit, and we came near to giving it up.

At this point I wish to acknowledge my indebtedness to three persons—Ernest T. Gundlach of Chicago, who encouraged us when most of the established colleges were ridiculing our work; Dr. George W. Coleman for his willingness to become president of the Babson Institute; and Mr. Henry P. Smith, who urged us to purchase a large tract of land and build a real campus in 1921 and 1922. This campus consists of about two hundred and twenty-five acres, beautifully located. The grounds were laid out by Mr. John Nolen, a famous landscape engineer of Cambridge, Massachusetts. The buildings were designed by Mr. George F. Marlowe of Boston. A Georgian style of architecture, which should be just as attractive a hundred years hence, was selected. In the course of a few years the following structures were built: Two school buildings, Lyon Hall and Bryant Hall; a beautiful auditorium, presented by Mrs. Babson and named after her father, Richard Knight; a gymnasium, which was named after Mr. Leroy D. Peavey; and a complete dormitory. Later, this dormitory was followed by another much larger dormitory. Miss Nona M. Dougherty was the first secretary.

THE GREAT MAP

A large map and exhibit building was erected in the center of the campus and named in honor of Dr. George W. Coleman. This building contains the Great Map of the United States; this map is some sixty feet long, and is built on a curvature. This curvature corresponds identically with the curvature of the earth's surface. This great map is not only the first map of its size to be built on a curved surface, but it is the first to show all elevations *correctly*. Its horizontal scale is four miles to the inch, while its vertical scale is four miles to the foot. The map is now used for direct teaching purposes and for photographs for use in geographies, road books, and in numerous other ways. This map performed great service during World War II, supplying *vertical* data to aviators and weather stations. This saved thousands of lives.

The campus roads were built and the buildings were located to provide a perfect institution accommodating ultimately four hundred students. There are two quadrangles, one for the seniors and one for the juniors. As the work of each year consists of four courses, the plan provides ultimately for four school buildings about each of these quadrangles. One building would be devoted to production, one to distribution, one to finance, and one to personal efficiency. At the start, only one school building was erected on each quadrangle. As the total enrollment increases it will someday be necessary to decide whether to build new buildings or to enlarge existing ones.

PROVIDING ENDOWMENTS

Up to the summer of 1925, Mrs. Babson and I had been pouring money into the institution when and as it was needed, without any definite endowment program. Since that year we have consolidated these advances and added to them, so as to make a total of about three million dollars. We have presented our gifts to the institution, on certain definite conditions, which were duly accepted by the trustees. Although I knew nothing about the teaching side of education, I had learned something about its financial side. I had learned, among other things: (1) That most educational institutions are land and buildings poor. Friends have presented them with buildings as memorials for themselves or families, but have left them without endowment funds for their proper maintenance. (2) That the best test of whether or not an educational institution is making good is whether or not it is self-supporting, especially during its early stages.

With the above two thoughts in mind, we provided by our Endowment Fund Agreement: first, that for every dollar put into land and buildings, a corresponding dollar should be put into the endowment fund. Second, that, to insure that the Institute is fulfilling a demand, the income from the endowment fund should not be used for operating expenses as long as both Mrs. Babson and I lived. When one of us should pass away, the trustees would have the use of one-half of the income; and when we both should pass away, the trustees would have the use of the entire income. I feel that this Endowment Fund Agreement blazed the trail for proper college financing. Therefore, whether or not we succeed in discovering and training the desired young men, we have provided an endowment program for the trustees and executives of every higher educational institution in the land.

FORLORN HOPES

The Institute may go down in history as our most important work, and yet, up to the time of this writing, it has been somewhat disappointing. We have a campus and fine buildings, a conscientious board of trustees and an able group of instructors. The Institute, however, has not as yet operated along the lines which were originally intended. Instead of having the patience and courage to give mainly practical and dynamic training, the tendency of the trustees and instructors has been to copy the work and customs of other institutions. They forget that business men are "born," like surgeons, artists, and musicians, with the result that many students have been accepted who are not "by inheritance or other circumstances" designed to become business men. My theory then was, and still is, that it is not *knowledge* which young men need for success, so much as those basic qualities of integrity, industry, imagination, common sense, self-control, with a willingness to struggle and sacrifice. Most men already have far more knowledge than they use. They need the inheritance and development of a *character* which will cause them properly to apply this knowledge. Our desire was to found an institution which would concentrate on discovering and developing such character. Real business success comes through the qualities above mentioned, not through money, degrees, or social standing.

The sad fact that very few college professors who are teaching business administration can themselves make a success of business administration is proof that present business educators have much to learn. It is not what a man knows in the way of book learning that determines his future; it is whether or not he has character, judgment, and the guts to sacrifice. His success depends upon whether he is continually growing stronger physically, mentally, and spiritually, or whether, in these respects, he is growing softer. Yet too many educational institutions give practically no attention to these fundamental character subjects. They will graduate a man with honors, even though he has deteriorated physically and spiritually, yes, and even as to common sense, during his years at college. My fondest wish is to see the management and teaching force of the Babson Institute have the moral courage to select and train men for business in the fundamental principles which I originally had in mind. The trustees have done one thing which pleases me; namely, they are giving, after a student successfully completes an intensive three-year course, a standard degree of "B.S." Most colleges hold students four years before giving this degree and give the students no more than we do.

KNOWLEDGE VS. TRAINING

I am interested in permanent results. To do something which would be permanent, we founded the Babson Institute. In order, however, for any institution to become permanent, it must render a fundamental service. Labor put into making a stick of candy lasts only a few minutes; labor put into building an automobile lasts only a few years; labor put into erecting a building may last fifty or a hundred years; labor spent on developing a water power may last for centuries; but labor spent on spiritual attainment lasts through eternity. It was with this thought in mind that we established the Babson Institute.

It is necessary to be practical. I tried to be "realistic" long before the word was applied to furniture or buildings. The realistic and the spiritual must always be kept in balance, or, better still, should be one and the same thing. Since my days at M.I.T., when I was taught to learn by doing—that is, by laboratory work—I have always believed that all forms of teaching, to be successful, must be through laboratory work. It also gives one tremendous satisfaction to be able to *do* things. Executives should be able to do things themselves before they turn them over to others to do.

I have always refused to go into an activity which somebody else is already carrying on satisfactorily. It may be true that pioneering is an expensive luxury, but there is a lot of fun in it. Besides, the world does not benefit when you are merely trying to copy someone else in a way which results only in depriving him of business. The world as a whole benefits most when you do something new or when you do it better or differently. I am interested most of all in developing a new race of business men. Whether industry is ultimately operated privately, cooperatively, or by the state, its future will depend upon the personal character of its managers. The power of character starts with an individual as a very small circle; but the ripples gradually become larger as we accomplish results by working through others. Finally, the larger ripples extend indefinitely through the spoken and written word to the lives of others. With this thought in mind, we founded the Babson Institute to *discover* and *train* men for business, not merely to fill them with knowledge. For fifty dollars one can purchase a set of encyclopedias which contain more knowledge than do the heads of all the college professors in America. *Knowledge* can be purchased by anyone at any time; but *character* can be secured only through inheritance and discipline, or being "born again."

Just one more idea—I believe that allergies apply to *thought* reactions as well as to *physical* reactions. The time will come when the Institute will have a resident allergist who will help students develop better brains with pills, inoculations, and certain diets.

Chapter XXIII

TRAINING WOMEN FOR BUSINESS

I WAS brought up as a boy with the idea that a woman had no place in business. I told my father that his own practice was inconsistent with this principle, as he had in his own store a woman bookkeeper named Miss Sarah Rowe, and a woman sales clerk named Miss Ada Tarr. There were no typists, because there were no such things as typewriting machines. As a general rule, only school-teaching positions and housework were open to women. In those days the idea of a woman working while she was married was looked upon as disgraceful. Certainly the men of this world were successful for many thousands of years in hoodwinking the women. Although the pendulum may now be swinging too far in the other direction, we certainly cannot blame the women for at last asserting their economic independence.

The fact that so many women entered industry, during and following the World Wars, was largely responsible for the unemployment among men during the depression of 1929-35. On the other hand, these women secured their foothold in industry by being more efficient for a given rate of pay than were the men. Unemployment resulted because these men were willing to loaf about the streets instead of having the guts to go home and do the housework, cook the meals, and take care of the children. Only as industrial positions and domestic responsibilities are allotted impartially, without relation to sex, to those best fitted to do such work, will the employment situation be stabilized. There is enough work for all of both sexes only as each person will do the work for which he or she is best fitted.

STARTING WEBBER

The second important phase of our work for training young people was the inauguration in 1927, with the encouragement of our daughter and some friends, of Webber College. The idea of a school of business, of financial, executive, and secretarial training for girls, had been in Mrs. Babson's mind ever since 1922, when our daughter informed us of her educational desires. She was at that time a student at Boston University. While we recognized the excellent work the women's colleges were doing along cultural lines, yet a fact was forcefully brought home to us: *Our daughter was receiving little training* *which would prepare her to be a good wife and mother or which would fit her for financial responsibilities.* Furthermore, we wanted her to be in a position of independence to the extent of being able to care for herself should her husband die prematurely or should anything happen to Mrs. Babson and me.

We therefore asked our daughter to study a year at Babson Institute in order that she might learn the difference between working and loafing, and between deeds and mortgages. She at least would then be capable of talking intelligently in years to come with the executors of our estate or with her own attorney. If the man she might marry was to enter general business, she would likewise secure an appreciation of his problems. She would be more of a helpmate to him through their common understanding of business and financial principles than if she continued for two or more years at Boston University. My daughter fell in with this suggestion and consented to spend a year at the Institute. The results of her instruction there completely justified our faith in this particular type of practical training for young women. Consequently, Mrs. Babson decided to start a new type of college for women. We named it after our first granddaughter, Camilla Grace Webber, who was born on the day when the college was organized—April 6, 1927.

NEVER GIVE UP

The first announcement relative to the opening of this college for girls was sent out in July, 1927. The interest aroused was sufficient to enable us to state definitely, on August 23, 1927, that the school would be started during the winter of that year. While over one hundred inquiries were received from those who signified a desire that their daughters have this proposed training along business lines, yet on the opening day only five students enrolled! Mrs. Babson and our daughter were in general charge of the activities of the college, and the first term opened on Monday, January 9, 1928, at Babson Park, Florida.

We shall never forget the despondent report from my daughter stating that only five girls had registered. This, however, did not disturb us nearly so much as it did her. We had been checking the initial enrollments at other colleges and found that Smith College started with fourteen, and Harvard College with only nine! These figures we gave our daughter, and it was decided to proceed with the original plans. Moral: *Never give up.* The first student enrolled at Webber College was Miss Irene O'Connor, of Minneapolis, now Mrs. Chester J. Neumeier. She was the daughter of Mrs. Thomas O'Connor, who passed away in 1928, but who was at the time president of the Purity Baking Company, with general offices in Chicago. Even though our work that first year was far from complete, yet Mrs. Neumeier has frequently testified as to the practical value of the training she received. Its worth was fully proved as problems arose in connection with the settlement of her father's affairs.

FLAGLER'S ORCHESTRA

At this point I must tell a story. Mrs. Babson and I were then spending the winter at the Mountain Lake Club, in Florida. Among our friends at the Club was Mr. George D. Webber, of New York City, a tall, thin, droll, but exceedingly interesting man. He had been private secretary to the millionaire Flagler, who built the Florida East Coast Railroad and its string of wonderful hotels. One of the first of these large Florida hotels was the Ponce de Leon, at St. Augustine. As this friend bore the same name as our infant Webber College, he was likewise must disappointed that we had only five students our opening year.

This friend greatly cheered us up, however, by telling of Mr. Flagler's experience when he went to Florida some thirty years before to open the Ponce de Leon at St. Augustine. Each day Mr. Flagler wired from New York to St. Augustine, asking how many guests were at the hotel. As only two or three had arrived, they did not have the courage to break the sad news to Mr. Flagler. Finally, Mr. Flagler insisted on a report, and the hotel replied that the occupants consisted of only the orchestra and five guests. Thereupon Mr. Flagler immediately wired back, "Hire another orchestra." Mrs. Babson and I did not "hire another orchestra," but we did hire some more instructors. From that day Webber College has gone ahead each year. Moreover, the credit for its success is due to Mrs. Babson, who took general oversight of its work from then on.

ORIGINAL PROGRAM

Webber College was organized under the laws of Florida in order that a charter might be secured enabling the school to be a real college rather than just one more private school. It has full right to grant the degrees of A.B., M.A., and S.B., but is specializing on an Intensive Two-Year Course which entitles the student to a standard degree of A.B.S. The first work offered by Webber was a three months' course in the principles of finance, with classes held during the winter months at Babson Park, Florida. The second year, there was added a three months' fall term at Boston, Massachusetts, comprising work in business principles and administration. This meant that students spent three months in Boston and then went to Florida for the three months' winter term.

It was thought wise to proceed slowly during the formative years. While we had some experience in educational matters in connection with the Babson Institute, yet the training of young women presented an entirely different problem to all of us in active charge of the work. Beginning with the fall term in 1932, the work was reorganized. Dr. George W. Coleman served as president and Dean Edith Samson was the executive head. Mrs. Babson was in charge of the business management and advised as to instructors and instruction.

FRESH AIR AND SUNSHINE

The permanent location for the College was a matter of vital importance. We had long been visitors to Florida each winter. Because Mrs. Babson realized the physical value to students of being able to spend a large part of each day outdoors in the healthful sunshine, she decided that Florida should be the home of the College. Webber College now owns about two hundred acres on the shores of Lake Caloosa, a nine-mile-long lake, where its campus is located. The land and various buildings are owned free and clear by Webber College. We hope this campus will some day be one of the most complete and beautiful in the United States. Having the Webber girls in Florida for the winter not only permits them to spend much time in the fresh air and sunshine, but enables Mrs. Babson to give them considerable personal attention. Furthermore, we are trying to prove that, under these fresh air and sunshine conditions, a girl can there get as much in twenty weeks as she would get in thirty weeks at the conventional college.

Beginning with the fall of 1940 the fall term in Boston was given up as the trustees felt the work should be concentrated in Florida on account of the uncertain conditions caused by the European War. It was expensive to operate in two places. This meant, in a sense, starting over as we had recruited our students on the basis of Boston and Florida. The next year came the war and Webber went through the same difficulties other colleges had. We are now, however, on a firm basis in Florida, giving intensive twenty weeks training plus certain home reading and an A.B.S. degree at the end of two years.

Webber College has a real problem to provide the training needed by a young girl for a position of responsibility in the business world or for management of her own business. Both Mrs. Babson and the college recognize that serious attention should be given to the spiritual and physical development of students. A woman cannot give too much attention to her character and health. I have told Mrs. Babson, even, that she needs only four courses at Webber: "How to Keep Your Character"; "How to Keep Your Health"; "How to Keep Your Husband"; and "How to Keep Your Money"—that is, after one secures all these blessings!

A QUESTIONNAIRE

Some years prior to starting Webber College, we felt that the "good old days" were over when the daughters of well-to-do families would be content to stay at home and wait for a man to marry them. Much as some business men may regret it, women of all groups are destined more and more to manage economic enterprises. Men and women are constantly reaching a more equal plane. This has been true particularly during depression years, when men have taken a greater interest in children and the home and when women have taken a greater interest in business and politics. I am frank to acknowledge that over a period of thirty years much that I have done in the conduct of my personal and business affairs has been done as a result of suggestions from women.

To check our own ideas of the problem, a questionnaire was prepared outlining some twenty-one subjects that we were considering to include in Webber's curriculum. They were divided into three groups—(1) those pertaining to secretarial subjects, (2) those pertaining to executive subjects, and (3) those pertaining to cultural subjects. Business men were asked to indicate and check the subjects which they believed are of greatest value either to their own daughter or to a well-bred girl whom they might wish to employ. Of the thousands of questionnaires sent out, a large percentage were returned and carefully checked. In establishing this curriculum, the advice of these business men throughout the country was followed quite literally. This has resulted in having graduates so well prepared that little difficulty has been experienced in obtaining for these girls positions of a substantial nature.

SECURING ONE'S FIRST JOB

Every successful institution is more or less in a constant state of flux. If it is to progress with the times, it cannot stand still. It must adopt all worth-while improvements. At least for the time being, however, I believe Webber College is soundly established. It is capable of preparing young women for their great moral, social, and economic responsibilities, and also of training them for positions of trust. A young girl may not immediately after graduation secure an executive position. Hence, any college of business administration, such as Webber, should include secretarial subjects in its curriculum. A knowledge of such work enables a girl in many instances to secure her first job. As a further preparation, girls must have also a working knowledge of the fundamentals of business, including financial and merchandising management. Such girls are bound to advance at a more rapid rate when they enter the business world than they would if they were classed simply as clerks or stenographers. Webber, therefore, goes considerably farther with its training than the old-fashioned type of secretarial or business school.

HINT TO PARENTS

Mrs. Babson and I live at Wellesley, Massachusetts, which is the home of Wellesley College, one of the largest and best educational institutions for women in the country. Each year our employment manager interviews several Wellesley College girls who have been writing for their various college publications. They thus feel that there may be an opening for them in some one of our editorial departments. Unfortunately, we can do nothing for these girls in the way of employment. They have no comprehension of business as a whole, and they lack even a knowledge of customary business terms and phraseology. Even the ordinary typists and stenographers, whom we secure largely from local secretarial schools, must spend approximately a year in our office before they are capable of taking practical financial and business dictation.

Parents of girls now in the academic colleges and universities, as well as of those who are about to graduate from high or preparatory schools, should realize the importance of their daughters securing tangible instruction along business lines. It would be far easier for them to secure a worth-while position and to reach a degree of independence if, instead of spending four years in the pursuit of purely academic and cultural studies, they would attend a school like Webber or follow their cultural training with some courses at Webber. It has long been Mrs. Babson's premise that a Webber business education represents the best possible form of insurance a girl can have. Those of us who have reached mature years have seen how stocks and bonds, real estate, bank deposits, and other forms of investments—acquired gradually during a lifetime—can quickly depreciate and become valueless. A girl trained to take care of herself and to get a true conception of the social, political, business, and financial problems of her day has an asset that can never be lost.

AN IMPORTANT QUESTION

Now for some biological thoughts! As I explained in an early chapter, we all inherit from one or more strains of ancestry. As a simple illustration, let us assume that a child has only four grandparents, although, in reality, every child has thousands of grandparents. Let us assume also that one of these grandparents comes from an agricultural strain, the second grandparent comes from a mechanical strain, the third grandparent comes from a business strain, and the fourth grandparent comes from a domestic strain. Let us assume that the family is an ideal family of, say, two boys and two girls. This is my important question:

Is there any biological reason why the two girls should inherit from the domestic strain and the two boys from the agricultural or mechanical or business strain? The answer definitely is, "No." Biologically, the girls are just as likely to come from the mechanical or business strain as from the domestic or any other strain. This is something that my parents and the rest of the good people of Gloucester completely failed to realize when I was growing up. Statistics show that one of the principal causes of both ruined businesses and ruined homes is the custom of fathers to leave their business to sons to operate, irrespective of whether these sons inherit business ability; or to expect their daughters to be housewives, irrespective of whether these daughters inherit domesticity.

FINALLY

No Congress, soviet, or dictator can suspend the basic law assuring the survival of the fittest. Competition has always ruled since this earth was a mass of heated gases. From the very beginning of life in its lowest form progress has come only through struggle. Only the best of the lowest species have survived. They have produced a still better species. This has been going on for millions of years. Only two or three hundred years ago brute force held sway. During recent generations wealth has been a greater power. Today good health and political influence seem to be most potent—that is, those who are in public service with iron constitutions, able to stand the racket, have taken the place of many who heretofore held their power through the inheritance or accumulation of force, property, or special privilege. This means that intelligence and character, when combined with good health, will be the determining factors.

Another final thought: Looking into the future I visualize that many semi-endowed private colleges must either eliminate religious instruction and look to the State and Federal Government for support, or else emphasize religious instruction and look to some Church Denomination for support. This will be the natural result of the U.S. Supreme Court Decision of March, 1948.

Chapter XXIV

OUR INSURANCE COMPANY

I USED to love to talk to Thomas A. Edison. He was a great philosopher as well as inventor. One day I talked with him about my plans for the Babson Institute. During the conversation he asked what we had done to *insure* our properties. I explained to him that we carried simple fire insurance, purchased on a scientific basis, for all our buildings; at which he replied: "That's not what I mean, Babson. Fire is only one of many things which you should insure against. You should form a company to own and operate other enterprises which are factors in the character, health, and happiness of people. Besides, you should protect all your interests by buying additional property, which could be used either for expansion of your own enterprises or for the building of homes by your people. Most business men make the mistake of thinking that fire is the only thing to insure against. There are many things to insure against. This can be done only by buying property and taking a financial interest in various enterprises." One thing more Mr. Edison suggested was that this new "insurance company" should be owned, so far as possible, by Mrs. Babson and me.

MORE ABOUT B.S.O.

Babson's Statistical Organization, Inc., founded in 1904, has been used for such a purpose, although its name was later changed to Business Statistics Organization, Inc. This is a Massachusetts corporation. We also organized in 1933 another Massachusetts corporation known as Babson's Reports Incorporated to take over the Reports. This latter step was taken to comply with the regulations of the Securities and Exchange Commission. I first outlined our enlarged plans at a meeting held one evening at the Alice Phillips School, in Wellesley Hills. To my great surprise, a distinct opposition on the part of the older residents of the town immediately developed. This opposition was led by John W. Decrow, one of the ablest attorneys in the community. Further opposition developed among most of the other substantial people of Wellesley. Why they were so much against me I was never able to fathom; but they attempted to block me at every turn.

Our greatest fight was over a dinky little bus company which owned only one bus and which was to operate from the Wellesley Hills railroad station to the community which became known as Babson Park. If you had attended the hearings at the Town Hall on this bus permit, you would have thought that the greatest international questions were being decided. This conflict between the Babson interests and the aristocratic old families of Wellesley was finally compromised by the adoption of a Zoning Act. This Zoning Act gave me more or less freedom in a certain section of Wellesley. About this section they erected a barbed wire fence, beyond which their "bad boy" could not go. On the principle employed in connection with the control of commercialized vice, the Babson interests were "segregated and regulated."

BROUGHT FIRST "MOVIE" TO TOWN

After this local row had subsided, we went to work purchasing land and securities and other property. Most of this land was in the vicinity of the Babson Institute campus. This property served both as an insurance against undesirable neighbors and provided also that our employes would always have land available for good homes and small gardens. The main difference between the local interests and me was that I was willing to pay real money for my protection while they were not. They tried to protect themselves first through persecution and later through legislation. Remembering Mr. Edison's advice, the Business Statistics Organization immediately began to extend its operations to insure the community against undesirable movies.

The first moving pictures ever shown in Wellesley were shown in the auditorium of our office building, where we had "movies" two nights a week. The Babson interests then built a modern theater and arranged with the Wellesley Woman's Club to select a censor for the films. This is still the only motion-picture theater in Wellesley. It is known throughout New England for the exceedingly high standard of its films and its good influence. Near our office building was a modern public garage, which the Babson interests purchased and developed into the most efficient garage in the town. These same interests also purchased houses in the vicinity, which were remodeled into rooming-houses for our employes.

Gradually the community of Babson Park developed until it had its own post-office, telegraph-office, and branch bank. For the housing of these and other facilities, the company built several buildings. The same style of architecture—that of the Georgian period—was used throughout. To insure against failure to have sufficient building material in the future, the Babson families purchased two gravel pits and some standing timber. In the early days there was never any thought that this company should become very active or even a management company. For several years, it was operated purely as an "insurance" company along the line of Mr. Edison's plan.

ERECTED FIRST RADIO STATION

The first radio ever to be exhibited in Wellesley was built and operated by our electrician, Mr. Leroy Nichols, in 1924. I well remember how the prominent residents of the town came into the office building one evening and heard faintly a little music from a battleship in Boston harbor which had a small sending station. We immediately foresaw the great possibilities of radio broadcasting and the influence it would have on this country. Hence, in 1926, we laid the plans for building a radio broadcasting station at Babson Park. The station was first housed in our large office building, and was in shape to do some feeble broadcasting on December 18, 1926, when formal application for a license was made. The permit came through from Washington on January 29, 1927, when the station was formally operated under the call WBSO.

Although we started only as a daytime station, we were given an exceedingly good location on the dial, operating on 920 kilocycles, with a wave length of 326 meters. This station thoroughly covers New England and adjoining territory, serving directly over eight million people. At times it has been heard in every state in the union. Its services were first offered to the Massachusetts Federation of Churches, and every day for the first nine years a religious service was held at four o'clock in the afternoon. This service was known as the "Good Cheer Service." Those who have been ill, as I have been, know that the hardest hours of the day are around four o'clock in the afternoon. The patient is tired, the sun is going down, and life seems gloomy. My mother in her latter years was much interested in this Good Cheer Service. After her death I built at Babson Park an addition to one of the buildings, the exact size of the room in which she and my father spent so much of their lives. I brought to Wellesley all the woodwork, the fireplace, the windows and doors of this room, and furnished it with the identical furniture that my mother and father used, including the bed in which my sisters and I were born.

Another broadcasting feature of Station WBSO—unique in the history of radio up to that time—was the "Midnight Ministry." These broadcasts began on March 26, 1927, and continued without interruption every night from twelve to one until the middle of 1929. They were designed for the many watchers and workers of the night who find its burdens seemingly endless. Dr. Henry Hallam Saunderson, an author and lecturer of note and editor of the *Wayside Pulpit*, was in charge of the programs. That he did a good job is attested by the fact that his broadcasts became immediately popular with late listeners.

During my management, Station WBSO (changed at the end of 1935 to WORL) never put out over the air any liquor, cigarette, patent medicine, or other objectionable advertising. Most of the programs were of an educational and uplifting nature. To my mind, one of the greatest indictments against both capitalism and democracy, as now set up, is the unprincipled commercial use of this great invention. Instead of its being used for instruction and wholesome entertainment, it seems to be used primarily to encourage young people to smoke cigarettes, and to encourage their parents to waste money on useless patent medicines, cosmetics and drinks.

BUILT FIRST AIRPLANE FIELD

When the use of the airplane became practical, we took a definite interest in it. A landing-field was built at Babson Park, and the Federal Government erected a beacon tower. This serves both as Tower No. 21 on the main line from New York to Boston, and as a guide to our small landing-field in case an emergency landing is needed. Although the early days of commercial aviation were a disappointment, both to manufacturers and to investors, I am still a great believer in the ultimate development of the industry. Some day a safe plane will be built at a moderate cost, to operate at two hundred miles an hour. This may require an entirely different construction or the use of some different fuel from that now employed. Mr. Thomas A. Edison always insisted that airplanes should be built on the principle of a flying bird or side-wheel steamer rather than on that of a propellered ship.

There is no question that the next great war will be fought to a finish in the air. In view of the possibilities of bombing, the Babson Organization has never advised investing much of one's fortune in office buildings in large cities. The high modern buildings of New York, Philadelphia, Boston, San Francisco, Los Angeles, and even of interior cities are wonderful targets for the bombs of an enemy. The great future of the airplane, as well as of the automobile, may come when the various rays are harnessed. Some day no fuel may be needed for certain forms of transportation. The tremendous voltage which is now passing through us, from some terrestrial bodies, to the earth may be used for the operation of airplanes, automobiles, and stationary motors. Probably even before this time comes, new sources of power from gravity, the tides, the sun, the earth's interior heat, and perhaps the atom will have been developed.

A STATISTICAL COMMUNITY

In later years the Business Statistics Organization provided "insurance" in other ways. It invited certain competing organizations to operate at Babson Park. These included such well-known concerns as the Poor's Publishing Company, the Oil Statistics Company, and others. The original idea was to develop a cooperative statistical community, consisting of independent units, but all working for a common purpose—a safer, healthier, and happier country. From a similar motive, the Babson family purchased a very large interest in the Boston, Worcester & New York Street Railway Company, which provides public transportation between Boston, Wellesley, Worcester, and other points west and south. This same Babson company created the Publishers Financial Bureau, which controls the newspaper releases described in a previous chapter. At one time it owned the only local newspaper, the *Wellesley Townsman*. It continually purchased large or small interests in different enterprises *as an insurance for the well-being of clients, students, employes, and the community in general.* Both as a means of diversification and as an insurance to the stockholders, it has also purchased miscellaneous stocks and bonds. Once the Business Statistics Organization attempted to serve clients as a laboratory to test out markets and as a cushion to prevent too rapid price changes when *Babson's Reports* made recommendations to buy or sell. We found, however, that in this work we were getting over our heads, and we therefore soon gave it up.

There is one story in connection with our buildings that I must tell. When I was selecting a brick to be used for my house, Mr. Benjamin Proctor, an able architect, called my attention to a "cul" brick which, in view of its supposed inferiority, was being sold at a reduced price by the brickyards. These were mostly bricks that adjoined the fire in the kilns, hence they were very hard, sometimes black or dark colored, and often twisted or warped. Yet they were less absorbent than ordinary bricks and they laid up to make a very attractive structure. When the Institute buildings were erected, we used the same "cul" bricks. So attractive were our buildings that in the course of a few years the demand for this type of brick increased to such an extent that its price exceeded that of the A-1 bricks, so called!

Another feature which we developed was the use of master keys. Each building has its individual key. Then there is a master key for the B. S. O. buildings, a separate master key for the Institute buildings, and a separate master key for my home buildings. Finally, there is a grand master key, which I myself carry in my pocket, and which opens all buildings owned by any of these companies. The maze of different keys in most houses is a foolish economic waste of time and energy. But I will not ramble on longer—especially as we are fast approaching the time when the "Statistics" Company is to further increase its usefulness by purchasing large holdings in more corporations. This feature will be discussed in a later chapter.

A LATER VENTURE

I now want to tell about the School for Positions. This school was once one of the most interesting features of Babson Park. I have always had a great interest in vocational guidance. This work at Babson Park consisted first in analyzing a person to find out for what kind of work he is best fitted. Having ascertained this, we then guided him for that line of work and furnished him with the proper contacts to enable him to secure employment therein after his training. Certainly the public schools and colleges have been very lax in these matters. Existing schools specialize in teaching men many subjects, but most schools are woefully remiss in training men for the practical application of these subjects. When it comes to schools for helping men and women to discover for what they are best fitted, none existed up to 1932, when I published a book entitled *How to Find a Job*.[1] I have written numerous magazine articles and made many talks on the subject. One of these popular talks is entitled "The Six I's of Success."

I became so discouraged, however, in attempting to interest others in this work, that I suggested to Samuel Parker Allison that we try a definite experiment along these lines at Babson Park. I first became acquainted with Mr. Allison in connection with an unfortunate venture in Guatemala, Central America, where I started to found a school to fit young Americans to engage in Latin-American trade. Mr. Allison was a trained Presbyterian minister and had had two or three successful churches in the West. To my great surprise, he next turned up as a student at the Babson Institute. He gradually became imbued with the desire to secure some practical knowledge to balance his theoretical theology. He liked business life so well that, after graduating from the Babson Institute, he became a valued executive of *Babson's Reports*. He therefore had an excellent background for starting this important experiment in vocational guidance and training men to secure positions.

THE WORK DESCRIBED

The tuition for this course on seeking positions was sixty-five dollars. The classes were limited to about twenty. They were mostly made up of men between twenty and thirty years of age, although each class usually had two or three girls. Under the original plan, definite instruction was to be completed in two months, after which there were two months of probation work, with the graduation coming at the end of four months. The first month's work consisted of lectures and studies at Babson Park to analyze the student. A definite analysis was made of his ancestry, environment, traits, and desires. We found so many students bewildered and without any faith or philosophy of life, that the school developed a religious environment. For pioneering in this work, I wish especially to acknowledge our indebtedness to the Rev. Edward Reighard, who was the religious director and students' counselor of the Babson Institute. The sessions were opened with prayer; and in this connection let me say that education will never come into its own until religious work is again made an important part thereof. It may have been wise to separate church and state, but let us never forget that education was born within the church and operated by the church for many generations. The proposition of throwing religion out of the public schools and colleges is simply kicking down the ladder by which education climbed.

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[1] Published by Fleming H. Revell Co., New York City.

The second month's work of the school was devoted to discovering corporations, firms, and individuals which are able to give employment to a young person with certain training and desires. For instance, a young person who has selling ability was put in touch with definite firms which we believed were in need of a young salesman. During this second month the students spent half of their time in Greater Boston contacting firms with which they would like employment; and they spent the other half of their time at Babson Park, telling of their experiences and getting primed for the next day's conflict. The present system of education which gives students years of exclusive school work and then throws them out into the world without any guidance, is much like feeding a man for years on all potatoes and no meat, and then changing his diet to all meat and no potatoes. At the end of the second month, over half of the students were located in good positions.

FIRST SCHOOL OF ITS KIND

During the second and third months, an original and interesting plan was used to aid the emainder in securing positions. A mimeographed catalogue was made up of the unemployed students. This catalogue contained two or three inches of mimeographed material describing the inheritance, training, and desires of each individual who was still looking for a position. The catalogue was subdivided and indexed in a way that would appeal to a busy man. It was a success from the first. It both interested employers and encouraged the students. By this method, when a student sought employment, he spoke not just for himself, but rather for the entire group.

This novel plan of cataloguing students gives to them a dignity and a sense of service which would be lacking were each of them seeking employment only for himself. To get a job for someone else is always easier than to get a job for oneself. The students have much more courage in fighting for the group than in fighting for themselves individually. This catalogue became a very practical means of curing students of the inferiority complex so common among the unemployed. It was also of real interest to employers. Instead of their interview being confined merely to one person, it was automatically enlarged to cover a group of twenty, more or less. Therefore, at the end of the third month, about two-thirds of the class would, of themselves, have found satisfactory positions. The fourth month was used primarily as a clean-up month, and then would come the final graduation.

ANOTHER CONTRIBUTION TO EDUCATION

It is of this graduation that we are most proud. Herein we have added to education an original and revolutionary feature which some day should universally be adopted. The real test of an education is not whether a person is able to cram his memory so as to "pass" certain written examinations. That is largely bunk, and all honest educators must admit it. Unless a person has secured from a school or college course such training as will enable him to get or to make a position for himself, that education, in my humble opinion, is a failure. Not until the end of the entire period, therefore, did the School for Positions know whether a student was or was not to be graduated. We had no written examinations; the test consisted in whether or not the student had secured a position. If he had secured a position, he was given his diploma; if he had not secured a position, he was definitely refused a diploma. But this is not all. *In order to keep the instructing force on its toes, we insisted that the full tuition be returned, in the form of a certified check, to those whom the instructors had been unable to train sufficiently to secure a position.* On the crucial graduation day, every student received *either* a diploma or a certified check for sixty-five dollars.

In connection with this school, we attempted some broad use of interesting stories, illustrations, and examples. Although these stories, etc., do not in themselves prove anything, it is a fact that, after a thing is proved, a story will help to preserve it. People forget proofs, but they remember stories. We try to develop our students into human dynamos, instead of into human phonograph records. We try to get them to go into things "all over," with every ounce of energy and with a furious enthusiasm. The young person with irrepressible activity, properly directed, will *make* a job for himself if no one gives him a job. We always insist that every man or woman can be a success in some line of work. We recognize, of course, that many persons are not fitted for what they would like to do most, but even in such cases we are willing to help them try to do the impossible. We never dodge an issue or give alibis. We are neither carried away by our successes nor daunted by our failures.

BABSON PARK IDEALS

My ancestors were largely traders. They sailed ships, loaded with merchandise, from New England to foreign ports, where they sold their cargo in exchange for merchandise to be brought back.

Hence it is only natural that the psychology of daring salesmanship has permeated all my work. This inheritance is perhaps responsible for my buying in periods of depression and selling in periods of prosperity! We, however, have revolutionized the former narrow concept of trading, which was beating the other fellow. The kind of trading which we recommend performs an economic service, for which the trader is entitled to a legitimate reward. We especially enjoy working with ornery young people, who are hard to get on with. We have even discovered some geniuses who were unkempt fellows struggling in an attic.

Sanity, balance, common sense, and conscience are the characteristics which make up a New England genius. It is for such geniuses that Babson Park stands. Although the Park contains considerable agricultural land, we lease the use of it to neighbors at a dollar a year. Where so many others are willing to raise vegetables, we are content to raise ideas. My boyhood training taught me that there are too many farmers. Although farmers are the foundation of the nation, yet their principal service is the production of honest, healthy, industrious, and self-reliant children, rather than cereals and cattle. Farming I commend as a mode of living, but not as a method of making money.

The one person whom we do not want at Babson Park is the one who lacks initiative. Toiling and sweating are not enough for us; they must be combined with a willingness to try new experiments and to withstand the ridicule of others. Our only difficulty with Babson Park has been the attempt of certain persons to capitalize on its name in a way which we do not approve. As I shall abruptly turn to another subject in the following chapter, let me mention one more form of educational work which I have enjoyed. I refer to the "Special Letters" which I periodically write to clients. In these letters I speak frankly on religious, educational, and other subjects. I get a big kick out of writing these letters and hope that the clients also enjoy them. Surely, as I compare the opportunities for education and training existing today with those existing in my boyhood, all is in favor of today's young generation. May these young people appreciate their opportunities is my earnest prayer.

Chapter XXV

FINDING FLORIDA AND SUNSHINE

I HAVE already told of the many trips which Mrs. Babson and I made to Europe and Latin-America. I have not bothered readers regarding the visits which we have made to all parts of the United States. Many trips were to deliver addresses before Chambers of Commerce and at important conventions, but most of them were made to secure statistical or other data regarding commodities, labor conditions, sales opportunities, investment securities, and general business. On all these trips Mrs. Babson and I carefully observed the climate of different sections. After my severe illness in 1901-02, I made an intensive statistical study of climatic and health conditions in the United States. It was then that I settled upon Arizona, and later became interested, with other men, in purchasing stock in the New Mexico and Arizona Land Company. In view of my previous illness, a dry climate especially appealed to us.

It is always a temptation to think that our own troubles are the only troubles. We forget that other people are suffering from entirely different troubles, and may need entirely different climatic conditions. When tackling the subject from this broader point of view, I learned that the world's most healthful climate is in the island of New Zealand; while this country's most healthful climate is in the northwest corner of the United States—that is, in the state of Washington. The entire Pacific Coast is a health resort, and fortunate are those who are born there. These are the sections in which to preserve "that schoolgirl complexion." If you have any doubt about it, visit these sections in the spring and summer, when the roses are in bloom!

WHY FLORIDA?

As my work became more confining, it was continually more difficult to keep in the open air during the winter. I should have kept up my original custom of working out-of-doors throughout the winter, with myself and secretaries wrapped in robes and using the little polo sticks for hitting the typewriter keys. As this practice became public, however, it assumed an artificial atmosphere. Therefore, I gradually retrograded to the standard form of indoor office work. Indoor work steadily pulled me down. Beginning in 1920, I again had common winter colds, which I had not had up to that time since my tubercular trouble many years previous. I would usually come back ill from speaking trips and would have to spend a week or more in bed. Finally, Mrs. Babson and I determined on going away winters, where we could do our work out-of-doors, as God intended we should.

We first visited New Mexico, Arizona, and Texas. We almost decided to select San Antonio as a winter home; but there was then too much dust in those sections. On the recommendation of President Woodrow Wilson, we spent a couple of winters at Pass Christian, about sixty miles east of New Orleans, Louisiana. Here we got well acquainted with Mr. Rudolph Hecht, who later became president of the American Bankers Association. On this Gulf Coast we purchased a piece of property and built a small camp. Although Pass Christian was a delightful community and had the most wonderful soft water which we ever found, it was too damp for me. The Carolinas were beautiful during spring and fall, and made one feel peppy in the winter, but they were too cool for our outdoor winter work. This also applied to California, which certainly has more natural advantages than any other state in the Union. Finally, we decided that Florida was the state which had a climate warm enough in January and February for outdoor office work.

DISCOVERING CENTRAL FLORIDA

We spent two or three winters in making a study of climatic and living conditions in Florida. We went down the east coast and visited Miami, which to us seemed like spending the summer in a large northern city. Daytona Beach we liked. If we were obliged to spend the entire year in Florida, and needed not to earn a living, Daytona Beach might be our choice. If we were obliged to earn our living in Florida, we would probably select Gainesville, or Tallahassee, or some other locality in northwest Florida. This section is entirely different from anything that the ordinary tourist ever sees. Northwest Florida is a hilly, agricultural country, with very good soil and all-year-round climate. We then traveled down the west coast and enjoyed St. Petersburg, that remarkable tourist center. When Mrs. Babson and I reach ninety years of age, we may spend our winters playing checkers in the public square of St. Petersburg, Florida!

An old Gloucester schoolmate of mine, who later became a prominent hotel owner, called our attention to the central part of the state. He specifically recommended Winter Park or Orlando. At the same time, a former resident of Wellesley, Mr. Herbert D. Kingsbury, who later moved to New York and became treasurer of the American Tobacco Company, asked us to visit him at the Mountain Lake Club, which was about fifty miles south of Orlando. This we finally did. He met us at the Haines City railway station and motored us over the hills and through the orange groves to the Mountain Lake Club.

This hilly country, covered with citrus trees, was a revelation to us. Those who do not know the Scenic Highlands of Florida have something to see. We reached his home at Mountain Lake, where we had lunch.

FIRST FLORIDA INVESTMENT

After lunch, Mrs. Babson and I had our regular rest hour, and then Mr. and Mrs. Kingsbury took us over the park. We were delighted from the very first. It was just that for which we had been looking. In the course of the drive we located five acres of land, beautifully situated, overlooking the lake, which were for sale. The next morning, Mr. Kingsbury put us in touch with Mr. Frederick Ruth, the president of the Mountain Lake Corporation. Within half an hour, Mrs. Babson and I had purchased the land for ten thousand dollars, and ordered a house built. That was in February, 1922. We left for the North that day on the noon train. When we again arrived at our Mountain Lake home the following January, our house was built and completely furnished, shrubs had been set out, roads were constructed, and even the table was set with food, ready for us to eat our luncheon.

Although Frederick Ruth ultimately over-extended and needlessly got into debt, he was a great man. He did splendid work and made a worthy profit on the development of the Mountain Lake site. If he had only been content to rest with that, he would have had a handsome income for the remainder of his life as well as a monument to his efforts. Like so many others, he was not content, but plunged into more enterprises. Finally, he lost everything and committed suicide. Poor Fred Ruth! I shall always have a soft spot in my heart for him. His experience is one of many which have kept me from overextending and reaching a similar end. It was another case of actions and reactions.

BEWARE OF FREEZES

Each year Mrs. Babson and I spent a longer season in Florida. We soon learned that we must have some activity there other than the writing of business reports and the answering of letters. Most members of the Mountain Lake Colony were enthusiastic over citrus, and owned orange, grape fruit, lemon, or tangerine groves. There was also an interest in tung oil and other experiments. Mr. Herbert D. Kingsbury was one of the exceptions. I asked him once why he owned no grove. He came over and whispered in my ear: "Roger, if you put back into a grove all that you get out of a grove, you will have a fine grove!" Purely as a demonstration, we purchased an ideal location, cleared it of pine trees, set out a grove in accordance with expert advice, and presented it to the Endowment Fund of the Babson Institute. Important records have been kept from year to year on the costs and receipts from this grove. Otherwise, neither Mrs. Babson nor I nor any of our interests, own citrus groves in Florida or anywhere else. We believe that citrus fruit and most other agricultural developments are poor business investments.

I suppose our primary reason for not purchasing citrus property was the fear of freezes. When making our study of climatic conditions throughout the United States, we were told that on January 2, 1866, there was a severe freeze which lasted about seven days. Lakes, ponds, and even streams, were frozen over throughout Florida, Texas, and all other Southern states. Records show another severe freeze in February, 1886, which lasted ten days. This again stripped the state of practically all vegetation except the pine trees, myrtle, and other native plants. Young deer and cattle died from exposure. Freezes—of varying degree—occurred every ten or twenty years, although no great damage was done until the freeze of 1894-95. Then practically all citrus trees were so badly frozen that it was necessary to cut them off from the ground and let them again spring up from the roots. This freeze was followed at intervals by other freezes. On February 12 and 13, 1899, there occurred a freeze which present residents especially remember. In 1917, and again in 1928, there were semi-freezes.

We saw no logical reason why these freezes should not occur periodically in the future. One may not come for twenty years, or it may come at any time. A freeze such as that of 1866, or of 1886, or even like the 1894-95 freeze, would temporarily wipe out the entire citrus industry of the state. Although the trees would sprout back again from the roots, they would be thrown out of bearing for about ten years. Incidentally, while I was writing this book, the thermometer dropped for one night to as low as eighteen in certain groves near me, killing all fruit in these groves and damaging the trees. The tangerine crop was practically wiped out by this freeze of December 11 and 12, 1934.[1]

[1] There has been considerable question as to how low the temperatures actually did get in Florida during the serious freeze of December 11 and 12, 1934, with its consequent serious damage not only to fruit but to young trees and to the fruit wood.

The following table is taken from the official publication of the United States weather bureau and gives not only the 1934 low temperatures, but the minimum temperatures at the same Florida stations during previous periods of cold—namely, 1886, 1894, 1895, 1899, 1917, 1928 and 1934:

Station	1886	1894	1895	1899	1917	1928	1934
Arcadia	—	—	—	—	21	23	21
Archer	14	13	15	10	18	—	—
Avon Park	—	21	23	—	27	29	21
Bartow	—	20	22	22	26	24	23
Bradenton	23	19	23	25	21	28	25
Brooksville	—	17	16	18	18	21	20
Cedar Keys	15	—	—	—	20	22	24
Clermont	—	20	18	20	23	23	25
Eustis	—	16	16	17	20	22	24
Ft. Myers	—	24	30	28	27	30	29
Ft. Pierce	—	—	—	—	26	32	30
Gainesville	—	—	—	6	17	15	16
Hypoluxo	—	26	29	—	28	31	31
Inverness	—	—	—	14	20	—	17

Forty-five per cent of the oranges were lost. The grape fruit survived best of all. These comments may seem pessimistic as to Florida; but they apply in a general way to all sections where citrus fruits are raised.

TRUTH ABOUT CITRUS GROVES

In my humble opinion, those investing in Florida citrus groves certainly should consider only properties south of a line drawn through Orlando, Winter Haven, and Lakeland. Furthermore, *it is advisable to purchase high land adjoining and sloping down to a lake.* Experts say that land sloping to the water is even better than high flat land, as the sloping land provides "air drainage," so called. Typical flat woods land is useless, in my opinion, for citrus groves. It is too dry in winter and too wet in the rainy season. Citrus trees will not stand "having their feet wet." It is also advisable, when setting out a new grove, to be sure that the land is naturally covered with young oak trees, as the soil native to such oaks is especially adapted to citrus. In addition to all these precautions, experienced citrus grove operators always keep in their groves piles of wood which may be fired in an emergency.

Most of the groves in Florida are owned by Northern people, including many preachers, school-teachers, and physicians, who are obliged to hire everything done. These people fail to understand that "the best fertilizers are the footprints of the owner." As a result of this situation, the people who sell the trees and fertilizer, and who render the care, are the only ones who, in the long run, make money from the citrus industry. The operating of packing-houses, however, is often profitable, although Florida might be better off with one-third as many packing-houses, provided they were modern. Many experts believe that Florida must ultimately come to some form of irrigation to compete successfully with California and Texas. A fundamental difficulty with the citrus industry is that transportation charges are heavy compared with the small amount of the fruit which is actually eaten by the consumers. For

Station	1886	1894	1895	1899	1917	1928	1934
Jacksonville	15	14	14	10	16	19	23
Lake City	—	17	15	6	15	17	20
Merrits Island	26	22	22	24	26	30	29
Miami	—	—	—	29	27	32	30
Ocala	—	19	16	12	18	18	20
Orlando	—	18	19	20	22	24	22
Pensacola	15	14	11	7	17	17	25
Plant City	—	19	21	20	24	23	21
St. Augustine	17	16	16	13	18	20	23
St. Leo	—	—	—	19	22	20	22
Sanford	21	—	—	—	22	26	25
Tallahassee	12	12	11	−2	15	15	20
Tampa	—	19	22	22	26	26	27
Tarpon Springs	—	19	22	20	24	24	25
Titusville	—	18	19	—	23	24	23

that reason, I have spent considerable time and money in aiding experiments for the canning of citrus juices. Consumers want only the juice, as the juice gives both the pleasing taste and the needed vitamins. Yet under the present system, shipping charges must be paid on the entire orange, although only 20 per cent or less is juice. The latest development is in connection with "frozen concentrates," which is the juice with much of the water removed. This water is returned by the housewife when the juice is ready to serve.

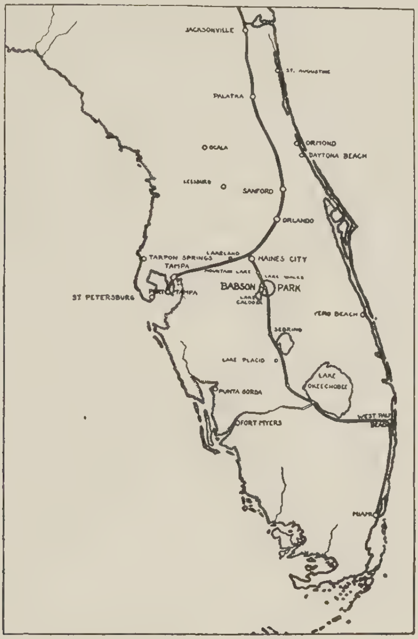
SELECT A NATIVE INDUSTRY

I did invest some money in pine lands which are suitable for cattle-raising. From these lands I sell annually a certain amount of wood; while the remaining wood continually is increasing in quantity and value. Although I do not fear freezes, I am in constant fear of fires. These fires do no harm to large trees, but they destroy the small trees upon which I am dependent for reforestation. Wild hogs are also a detriment, but these are now pretty well under control. As there is not much vegetation, about ten acres are required to support a cow. These cows need no care nor extra feed, provided the land is properly watered. Some day the planting of crotalarias and certain new grasses should materially help the cattle industry; but now we get on very well with native grasses. Immediately after purchasing my twelve-thousand-acre ranch, we had considerable trouble from the "tick," but this pest has been eradicated through government aid and the hearty cooperation of the cattle men. These cattle men still carelessly burn over land which they rent, in order to make it easier for the cattle to get the new green grass. I notice, however, that they never so burn over land which they own in fee, because such burning of the old grass also burns the soil humus and the young trees.

The raising of cattle or the rental of land for cattle pays the taxes and care of the property, but I am obliged to depend upon the growing pines and other factors for interest on my money. As is the case with most agricultural projects, a man who will live on his ranch, truck farm, or even citrus grove, and give it his personal attention, will get wages for himself and family; but almost every agricultural project is hopeless for absentee investors, except as sustenance insurance. It has been my habit to sepnd at least two hours in the saddle on my ranch every morning during the winters. This both protects my investment and —what is much more important—enables me to store up energy for my Northern duties. Furthermore, when I am out alone on horseback thoughts often occur to me which prove of great value to clients. When asked what I raise in Florida, I reply, "I raise ideas."

LOCATING AN EDUCATIONAL COMMUNITY

To supplement our educational work for men at Babson Park, Massachusetts, Mrs. Babson and I founded a similar work for women. It has already been explained how, in order to utilize the health features of Florida outdoor life, it was decided to start this educational work for women in Florida. We therefore aided in the development of a new community, which was named Babson Park, Florida. This is located in the highest and most healthful section of the state, about eight miles south of our winter home at Mountain Lake. In the center of the state are the famous Scenic Highlands, with hills ranging from two hundred to three hundred feet in altitude. This ridge is about fifty miles long, and averages three and one-half miles in width. Haines City is at the northern end of the Scenic Highlands and Sebring is at the southern end. Farther south are more highlands where the Lake Placid Club is located. Our location is both in the center of the state and the center of this ridge of highlands.


JACKSONVILLE
ST. AUGUSTINE
PALATKA
OCALA
LEESBURG
SANFORD
ORMOND
DAYTONA BEACH
ORLANDO
TARPON SPRINGS
TAMPA
LAKELAND
HAINES CITY
MOUNTAIN LAKE
LAKE WALES
BABSON PARK
LAKE CALOOSA
PORT TAMPA
ST PETERSBURG
VERO BEACH
SEBRING
LAKE PLACID
LAKE OKEECHOBEE
PUNTA GORDA
FORT MYERS
WEST PALM BEACH
MIAMI

An outline map of Florida showing the principal cities and the location of Babson Park at the center.

Babson Park is served by the Atlantic Coast Line Railroad, with through Pullmans direct from New York City, and by the Florida Scenic Highway which passes through the center of the town. Adjoining the town on the west is Lake Caloosa, one of the largest and most beautiful lakes in Florida. On the north and south are orange groves, while to the east is a beautiful pine country. These conditions provide a maximum of warmth without an excess of humidity—that is, breezes without dampness. It is the most suitable spot in Florida for camping, with its exhilarating climate and dry, warm weather. It is ideal for educational purposes, and provides health and happiness for all who live there. It is especially adapted for intensive courses such as Webber gives in twenty weeks plus supervised home reading.

ERECTING OUR BUILDINGS

Babson Park is the only spot in the Scenic Highlands which has the advantage of having a railroad, a state highway, and a great lake converge at one point. In addition, Babson Park is only four miles from Highland Park, only six miles from Lake Wales, and only eight miles from Mountain Lake, the latter being one of the most exclusive and interesting social centers of Florida. Palm Beach is to the southeast, connected by a hard road, while Tampa and St. Petersburg are, respectively, fifty-six and seventy-five miles to the west, connected by a hard road. Babson Park may easily be reached by automobile from any of the large hotels in Florida. This location enables us to be by ourselves, away from the social whirl so often connected with wintering in Florida; yet, in a few hours, one can be in any of the big social centers for which Florida is noted.

The region is also rich in game and fish, the latter being found in any of the many lakes. Our little educational community is also close to the famous Bird Sanctuary and Singing Tower constructed by my good friend, the late Edward W. Bok, to whom Florida and the entire nation owe a debt of gratitude.

After clearing away the rubbish and cutting out the underbrush, the plans for an educational community were carefully designed and the following buildings were erected:

(1) *Caloosa Dormitory,* which is very attractively furnished and provides living-quarters and meals for Webber students.

(2) *Caloosa Arcade,* which is furnished and used for living-quarters, with a number of baths.

(3) *The Kingsbury Building,* which contains the business offices of the college, and more very attractive dormitories. It adjoins the Babson Park post office.

(4) *The School Arcade,* which is made up of a large study hall, schoolrooms, and a public library.

(5) *The Sports Building,* on the lake, with auditorium, lockers, shower baths, and pier where boats may be moored.

(6) *The College Library,* which is also used for study and recitation rooms.

(7) *The Garage,* which has accommodations for a large number of cars, with a repair shop and oil station.

These buildings are mostly of tile construction, with red tile roofs and cement finish, and are of the Spanish type of architecture. They are well built, attractive, and practical, and have very spacious and well-kept grounds. In addition to the above, College interests also own valuable highway and lake frontage and other real estate adjoining. This protects the community against undesirable developments.

LAKE CALOOSA

The Babson Park School District has erected a handsome school building of Spanish architecture, while the citrus growers of the vicinity have real-estate and other offices. There also are various private homes and a Community Church. Adjoining Babson Park to the south is the town of Hillcrest Lodge, and numerous cottages. Webber College has the land for a fine golf-course, laid out for eighteen holes, but this has not been built. This course would be unique for Florida, as it is hilly and scenic. It would be within a mile and a half of the post office and convenient to the residential section. The course would be very sporty with some interesting water hazards. I hope it will someday be a reality.

Lake Caloosa—of itself—is destined to make Babson Park a thriving community. It is a most wonderful body of clear spring water, some nine miles long and three miles wide. It extends about three miles along the shore of Babson Park, and has a white sand beach. The lake is popular for boating, bathing, and fishing. Sailboats, motor-boats, rowboats, and canoes are constantly seen on its waters. Webber College has the only casino on the lake, with its pier extending out into deep water from the center of the town. Some day this section will witness a large amount of building, as it is an ideal spot for Northern people to build winter homes.

FLORIDA PEOPLE

During our winters in Florida, Mrs. Babson and I have become fond of the Florida people, both the native stock and those who have come from other states. Although we Northern people get out of patience with the apparent dilatory methods of some all-year-round residents, we ourselves would probably get into the same habits if we lived in the state all the time. All climates have their advantages and disadvantages. The summer weathers of the Florida climate do discourage that energy, independence, and initiative which are found in Northern communities. In the same way, all people have their advantages and disadvantages. Although we often find it irritating to do business with certain people long resident in Florida, yet we are sure they will outlive us. We have never yet heard of a case of nervous breakdown among the permanent residents of the state.

Most Florida people are anxious to do what is right as they see the light. This is especially evident in their desire for sane education. The State University at Gainesville and the Woman's College at Tallahassee rank well with the universities of other states. Florida people have been very cooperative with Rollins College at Winter Park, with Stetson University at Deland, and with Southern College at Lakeland. Certain municipalities, such as Miami and Tampa, are developing universities of their own. The people of Florida showed very graciously their appreciation of the educational work which Mrs. Babson and I have been doing in the state. On May 31, 1927, the University of Florida awarded me an honorary degree of Doctor of Laws when I gave the commencement address on that day. On March 12, 1934, Southern College awarded the honorary degree of Doctor of Education to Mrs. Babson.

Stetson University also awarded me in 1940 the honorary degree of Doctor of Laws. Truly, we feel grateful to the people of Florida for all they have done for us. These gifts, moreover, have been in the form of good health, educational facilities, and recreation, rather than in the form of material rewards.

Chapter XXVI

THE FLORIDA BOOM

THE five acres at Mountain Lake, upon which our winter home stands, sold for a dollar an acre in 1895. It was then used primarily for turpentine purposes. There was not even a shack where Lakes Wales now stands. The whole section of the Scenic Highlands from Haines City to Frostproof in 1900 was a pine forest, without a citrus tree, a highway, a telephone pole, or even a railroad. Gradually it was found that citrus trees did exceptionally well on these sand hills, if given plenty of fertilizer. By 1914, this five acres was included with some land near by which had been developed into grove property, and the entire tract was sold for fifty dollars an acre. Eight years thereafter, in 1922, I paid two thousand dollars an acre for this same land. Four years later, during the boom, vacant rough land, not so attractive as mine but located near me, sold for seventy-five hundred dollars an acre!

A syndicate in which I was interested bought about seven thousand acres of ranch land fifteen miles east of Lake Wales at about fifteen dollars an acre in 1924-25. In 1926 they refused fifty dollars an acre for this same property. In 1928-29, five dollars an acre was the best bid! What started the Florida boom, I do not know; but history shows that every generation since the early 'eighties, when Mr. Henry B. Plant built the railroad from Jacksonville to Sanford, and later to Tampa, there has been a Florida boom. There has never been more than one Florida boom within one generation. It has been impossible to catch the same people twice, but it has always been possible to catch each generation. There is every indication that another and even greater Florida boom will some day occur. There is something about the climate which "gets" people.

HOW BOOMS START

After a certain number of years, Northern people seem to tire of cold winters. As a generation becomes older, it feels the cold more, and also is able to take winter vacations which it could not take when younger. Finally, someone induces these people to go to Florida for the winter. They go, and while there are attracted by what appears to be a very low price for land. While the price per acre is low, compared with prices in the North, the productivity of the Florida land is proportionately less. This latter fact, apparently, is not recognized and these people purchase a little property. Other people come down who also purchase property. The result of this buying is that the price goes up and some of the early purchasers sell and take a profit. Instead of carrying the profit back North with them, they reinvest it in other Florida land. This makes the price of land go higher. Soon everyone is making a profit on land, as well as enjoying a healthful and pleasant winter.

When a man makes a profit, he cannot help telling of it. Hence these people take back those stories to the North. Soon Northern real estate agents come to Florida for easy pickings. Newspapers and magazines begin to carry articles on Florida and soon a boom is under way. Yet, strange to say, at no time have the Florida people themselves been responsible for starting one of these booms. In every instance, in every generation, the Florida boom has unconsciously been started by Northern visitors and systematically been cultivated by Northern real estate vultures. The native Florida people of each generation have not got excited until the boom was about ready to culminate. Then these unfortunate Florida natives, instead of being content to take their profit and salt it down in good securities, have put it back into more land at fictitiously high prices. In many cases old Florida families, who had been out of debt all their lives, mortgaged their properties at the height of the boom excitement and lost everything.

SOMETHING ALWAYS BEING BOOMED

After a collapse of business, no one has any interest in buying real estate anywhere at any price; stocks are a drug on the market, with speculation at a minimum; but government and municipal bonds are selling at fictitiously high prices. Government notes are then selling on a 1⅛ per cent basis, while ten year municipal 2½ per cent bonds are selling at a premium. It is dangerous to make prophecies in a book, but I am sure that such municipal-bond markets will collapse just as did the Florida boom and every other boom in previous history. People are crazy at such a time to buy gold and silver stocks. Gold mining stocks then sell at from five to ten times what they sold for a few years previous. These stocks will likewise collapse. Booms of various kinds come with each generation. They are not *started* artificially; but when they do start, they are fanned and cultivated by professional promoters. Ultimately, all booms bring severe losses to almost all connected therewith.

EFFECT ON BUSINESS

The Florida boom of the 'twenties did not affect, to any great extent, northwestern Florida. Cities such as Tallahassee, and even Gainesville, not frequented by Northern visitors, did not suffer loss. Jacksonville both profited and suffered, but as a gateway rather than as a winter resort. Daytona and

Palm Beach on the east coast, and Clearwater, St. Petersburg, and Sarasota on the west coast, were all severely hit. The boom, however, centered in its intensity at Miami. In this city, corner business lots, which sold for $2,500 in 1920, sold freely for $50,000 in the spring of 1926. These purchases moreover, were not made merely by promoters and speculators, but by some of the shrewdest bankers and big business men of the North. Often a business lot starting at $20,000 would be resold four times during a month, at a profit each time of perhaps $5,000. I tried to show clients that these vacant business properties in Miami were selling for more than improved properties on valuable corners in Boston, Philadelphia, Cleveland, Detroit, St. Louis, and other Northern cities. Such advice, however, was of no avail.

People lose their heads in all booms, whether with agricultural land, city property, or shore property. During the Florida boom a hundred dollars a front foot was a standard price for east coast ocean lots in a wilderness. Land prices at Miami Beach ran up to five hundred dollars a front foot. The whole thing was ridiculous, and yet all the people who bought at these outrageous prices expected to sell at a profit. In addition to the legitimate transactions, groups about the state were promoting banana plantations, oil explorations, and fake schemes of all kinds. Pandemonium reigned. The laying out and building of subdivisions caused a boom in the construction industry which resulted in great temporary benefit to merchants, artisans, and common labor. As a result, rents, retail prices, and everything else soared correspondingly. One young fellow at Babson Park—who a year previous had been working contentedly at thirty-five dollars a week—received a commission one day of forty thousand dollars. A number of young fellows were receiving commissions of ten thousand dollars every few weeks. There were more Rolls-Royces and Lincolns in the state of Florida in 1926 than in any other state in the country.

CURSES OF BORROWING

This boom, like all others, would not have been so bad had it been kept on a cash basis. As the boom advanced, people became so hungry for additional profits that they borrowed in order to buy more land than they otherwise would. Land was also sold on "installment payments." This installment selling accelerated transactions, with a corresponding increase in prices. It likewise increased the destruction and losses when the boom collapsed. Although most people did not realize, until the spring of 1927, that the boom had ended, yet Florida statistics reached their zenith in September, 1926. When the tide turned, the boom quickly collapsed. As so often happens in the latter part of a business cycle, unexpected unfortunate events hasten the decline, the same as during the early part of the same cycle unexpected fortunate events increase the profits. In 1927 Florida had the freeze to which I have already referred. In 1928 the fruit fly appeared, when the Federal Government placed an embargo on exporting fruit from the state. Then came the general stock market collapse in 1929, which was a blow to Florida as well as to the rest of the country. A bad storm in 1930 blew off a large percentage of the fruit, wrecked buildings, and felled trees. Bank failures came in 1931, when about three-fourths of the banks in Florida closed. Then ensued the election year of 1932, when all business was quiet.

In 1933, the people of Florida thought their troubles were all over. They started with good courage, only to have another storm strip the fruit from the trees. Once again they tightened their belts, spent their last dollar on fertilizer, and determined, with the help of the Roosevelt administration, to raise the largest crop of citrus and truck that the state had ever produced. The weather up until December, 1934, was satisfactory. On December 11 of that year the trees were loaded with beautiful fruit. Tomatoes, beans, and other truck looked better than they had for years. Real estate was truly beginning to pick up. Then, on that night, without any warning from Washington, came the freeze, which was followed by one more severe freeze the next night. Florida continued, however, to have its sunshine and delightful climate. The latter alone would offset all these catastrophes if people would refuse to borrow money. Debts and taxes are the curse of Florida. Sunshine, water, and oil are its assets.

THE TOURIST INDUSTRY

Although real estate people are continually emphasizing the agricultural, mineral, and other "money-making" possibilities of Florida, I have no enthusiasm along such lines. Unfortunately, I must be guided by the statistics which come over my desk. These statistics show conclusively that Florida's greatest source of income is from the tourist trade. This is now averaging, based on the records of train passengers and automobile registrations, very high annual figures. This compares with an income of very much less from citrus, from timber products, from truck, from fisheries, from cattle and other food products. In addition, phosphate and other mineral products may also amount to less *although we do not yet know about oil.* The tourist industry alone, therefore, *now* brings more money into Florida than all other sources combined. In timber, fisheries, agricultural products, and fruits, Florida must compete with the rest of the country; but in healthful winter climate with seashore advantages, near the great centers of population, Florida has almost a monopoly.

When I was a boy, few people went away for the entire summer; while almost none went away for the winter. Summer vacations have since become more or less universal; and winter vacations are fast becoming the habit of increasing numbers of the American people. The future of Florida lies in encouraging the people of the United States to come to Florida for their winter work. The state needs nationally and intensively to publicize its wonderful recreational and health possibilities. All persons beyond middle age who can afford to do so—especially those who have any personal income or a pension—should spend their winters in Florida. The climate is delightful and living is cheap. Such winter vacations in Florida should lengthen their lives many years.

Middle-aged people who come to Florida with the idea of making their living are usually disappointed; but those who leave their money in the North, properly invested, and depend upon their income from such funds for subsistence in Florida, are well and happy. This is the class of people which Florida should attract to its ranches, groves, lakes, towns, cities, and seashore. Millions of Northern people should spend their winters in Florida. Many of these people would remain as permanent residents. This especially applies to those living on small pensions. The city of St. Petersburg has had the foresight to develop scientifically this health and tourist business into a great industry. If the same spirit could be caught by the entire state, with the bunk of money-making opportunities eliminated, Florida would permanently enjoy real prosperity. Furthermore, the only thing Florida people need do to impress the nation with the health-giving qualities of Florida climate and citrus fruits is to so live and eat that Florida statistically will have the lowest sickness and death rate of any state in the country.

SCIENTIFIC HEALTH STUDIES

This opportunity is greater today than ever, owing to the scientific discoveries now being made in connection with the ultra-violet sun rays and the great importance to our health of the air which we breathe. When a boy, the only thing I knew about sunshine was the possibility of getting a sunstroke. Houses in those days had no piazzas and very small windows. The idea of sitting in the sunshine for health was never heard of. Little was known also of the therapeutic value of fresh air, although my mother did give the house a good airing once a day. I respect her for this, because we had no screens in the summer time and the flies were terrible. Mosquitoes, however, did not appear until after the town water system was installed. My Gloucester home was so cold in the winter time that my mother must have had a good deal of courage to open all the windows in the middle of the morning and let the house air out.

In recent years the effect of ultra-violet rays and fresh air on health has been more and more recognized. Statistics even suggest that sunshine gives the most protection of anything, and that fresh air may be our chief source of food. Sunshine is the basis of all energy, food, and fuel. When we lack vigor or courage, when we cannot think clearly, it is often due to lack of sunshine. It is the reaction of sunshine on fruits and green vegetables, milk, etc., which gives us the so-much-needed vitamins. Furthermore, it is the effect of sunshine on the calcium and other food elements which develops the disease-resisting qualities of our bones, blood, and tissues. As to the importance of the air we breathe to our health, we now learn that the actual weight of the air which we daily take into our bodies exceeds the weight of the food we eat. This is why students can assimilate in twenty winter weeks at the Scenic Highlands of Florida as much education as students obtain in thirty winter weeks attending college at a northern city.

DISEASES CURED BY SUNSHINE

Florida has the sunniest winter climate in the eastern United States. Central and South Florida have both the highest percentage of *possible* sunshine, due to the longer day, and the most *intense* rays. This sunshine is especially rich in ultra-violet rays because Florida is nearer to the sun at all times than any other part of the United States. Furthermore, its atmosphere is less contaminated with dust. It is estimated that the health and efficiency of most Northern families could be increased 20 per cent by an annual *exposure* to Florida sunshine. The Scenic Highlands of Florida have over three hundred and fifty days each year with more than five hours of sunshine daily. Statistics show that this section has not more than fifteen days during the entire year when the body cannot freely be exposed to sunshine. Owing to the effect of this sunshine and mild climate on the blood and membranes, the body develops an unusually high resistance against disease. Among the diseases cured or helped by sunshine are the following:

Anæmia, secondary or simple.
Anæmia, primary or pernicious.
Arteriosclerosis.
Arthritis, acute and chronic.
Blood pressure disturbances
(high and low normalized).
Bronchitis, acute and chronic.
Chlorosis.
Heart affections.
Insomnia.
Kidney disturbances.
Neuritis.
Psoriasis.
Rickets.
Sciatica.
Sinusitis.

Many other ailments have also reacted wonderfully to the action of sunshine treatments, and convalescence from operations has been hastened. People however can absorb too much sunshine.

HOW I WAS CAUGHT

Mrs. Babson and I were not caught in the land boom, although we perhaps should have sold some of our property at boom prices and invested the money in United States government bonds or gold stocks. We purchased all our properties before the boom started, and made no purchases whatsoever during the boom days. We, however, learned a lesson from the Florida boom in connection with municipal bonds which might have cost us considerable money. From my earliest days in business I had been taught that municipal bonds were the best bonds. Because of their low yield and because of the better opportunities for profit which other securities offered, we had never bought municipals before we went to Florida. Furthermore, until after World War I, income taxes were not a factor, and hence there was no special reason for buying municipal bonds to save taxes.

Florida municipals, during the boom, seemed very attractive. They were strictly municipal bonds for which the entire community was obligated. They were issued with legal opinions from the best New York municipal bond attorneys. They yielded 6 per cent interest, and, best of all, were exempt from federal income taxes. This last feature was very important to Mrs. Babson and me, as our annual income had now reached a large figure. Therefore, while others were buying Florida land, buildings, mortgages, etc., we felt that we were taking no chances in buying the rock-bottom municipal bonds which underlay everything. I say this without any exceptions, because Florida had almost no state indebtedness. Yet, when the boom broke, these municipals gradually began to default. These defaults continued to increase until seven-eighths of the cities of Florida refused to pay either principal or interest on their municipal bonds.

Five years before these defaults, no banker or bond expert in the United States would have believed that such a general municipal repudiation would have been possible. Florida municipal bond issues, which sold freely in 1926 at par, gradually crumbled in price until they sold around ten. Of course, I made the mistake of thinking that a municipal bond is a municipal bond. I bought largely without visiting the cities and seeing for what purposes the money was spent. If I had done this, I would have seen that most of this money was being spent, at the solicitation of irresponsible real estate promoters and contractors, for the building of asphalt roads through undeveloped property which would not be occupied for fifty years.

SELECTING MUNICIPAL BONDS

If politics had not entered into the situation, I should have been sympathetic with many of these cities. It was evident that a readjustment of debt became necessary, but this should have taken place in a methodical and cooperative manner. Unfortunately, under the then existing municipal bond law, the owner of one bond could independently sue a municipality. This bad feature does not exist in connection with corporation bonds, where suits can be instituted only through the trustee, and then usually only at the request of a certain percentage of the bondholders. This feature of municipal bonds has always been insisted upon by bankers and investors, although ultimately it may be the one thing to bring all municipal bonds into disrepute. Another bad feature about municipal bonds is that the principal cannot be sued upon until it becomes due. An investor can sue for overdue interest, but must be content each year to sue on interest alone until the principal of the bond comes due. So long as this unjust condition exists, I prefer good corporation bonds to municipal bonds of any kind or of any city.

The worst feature of all developed in connection with politics. As the politicians of one city saw another city getting away with default, they promised, if elected, to default on their city bonds. The voters of these cities did not have character enough to withstand the temptation. Hence the whole thing became a political racket, aided and abetted by some of the wealthiest taxpayers and most reputable lawyers. Corporation bondholders can foreclose on the assets of a company; mortgagees can foreclose on buildings or vacant land; but the holders of municipal bonds cannot, as a matter of practice, foreclose on a city or county. Theoretically, municipal bonds are AAA securities; but practically their only security is the character of the voters. Unfortunately, under our present democratic system, *which allows everyone to vote irrespective of character or intelligence*, the security behind municipal bonds in this country is continually being diluted. The lesson which I learned from the Florida boom is to count ten before buying municipal bonds. The debt per family should be so low that there is no temptation to default.

Learning that many of my clients had also bought Florida municipals—*although not on our recommendation*—I made a thorough study of the entire situation. This study convinced me that these defaulted bonds—then selling at 10 to 20 per cent of their par value—should be bought and I so advised clients. I showed my faith by also buying heavily. As a result we all made very large profits. Actions and reactions again!

Chapter XXVII

HOBBIES AND RECREATIONS

WHEN my mother was asked for what the middle initial of my name, "W," stands, she would always reply, "Work." Yet, work has never been a drudgery for me. I have enjoyed it. Bridge and other card games never appealed to me. I once tried to take up golf, but I simply did not care for it; yet many people with far more brains than I have get a great kick out of chasing a little white ball. This brings me to a definition of work and pleasure. It seems to me that *work* is doing the things we do not like to do; but *pleasure* is doing the things we do like to do. Therefore, if we like to work, it is pleasure; while if we do not like certain sports or games, they are work.

This same principle applies to Sunday observance. I believe everyone should attend divine worship at some time on every Sabbath day; but during the rest of the day he should do the things which he does not do during the week. The executive, therefore, should spend the balance of the Sabbath walking, riding, or playing golf; but the letter-carrier would better spend the Sabbath resting with a book. It is the old story that what is one man's meat is another man's poison. Jesus doubtless had this in mind when He said: "Judge not, that ye be not judged."

BACK-YARD GARDENS

My first hobby was a back-yard garden. Mrs. Babson says that it was not working in the garden that was the hobby, but rather eating the vegetables! We had our first vegetable garden on Seaver Street, Wellesley, Massachusetts, and then had one at Annisquam, Massachusetts, for a number of years. Even after we built the new house in Wellesley, I had a vegetable garden. In each instance I did all the work of the garden after it was plowed—that is, I made the furrows, put on the manure, planted the seed, cultivated and gathered the crops. Running a garden is something like running a furnace—the one who is to be responsible wants others to let it alone.

In addition to getting fresh vegetables and some excellent exercise, I wrote articles on "Back-Yard Gardens." I have already explained how Mrs. Babson would keep a careful record of what the plowing, the manuring, and the seed cost, and also a record of what she would have been obliged to pay in the market for the vegetables. In this way the garden would show a good profit. My whole experience makes me believe in farming as sustenance insurance rather than as a business. I remember that one year in our early married life the *Garden Magazine* paid us seven hundred and fifty dollars for a series of articles on back-yard gardens. One can readily understand that when some devoted reader called to see our back-yard garden, it was essential that no hired man be found on the premises! But—all joking aside—a back-yard garden should be listed as my first important hobby, although Rhode Island Red hens should be included for statistical accuracy!

ACTIVE WALKING

My next hobby was walking. There is something about rapid walking which exercises all muscles of the body. Walking, of course, should be done in the fresh air. If one walks during the daytime, he also usually gets a good amount of sunshine. The importance of deep breathing while walking, or the practice of vitalic breathing, is not to be overlooked. My father used to call it "eating air." Even today I leave three automobiles in the garage each morning and walk from my house to the office, a distance of about one mile. One of my men from the office calls at my house and drives my car to the office, where he leaves it for use by me in an emergency.

For some years after recovering from tuberculosis, I took long walks, and spent many hours a day in the sunshine. Clubs of all kinds are doubtless useful, but no one needs to join a golf club or visit a gymnasium, or spend good money in any other way for exercise. The four finest things for health—walking, fresh air, sunshine, and water—are free! I might also mention sunsets and some other priceless things which cost us nothing. Surely, a healthy, busy, and happy life can be simple and within the range and means of almost everyone. It is our attempt to "keep up with the Joneses" that causes most of the trouble. Life was not meant to be so complicated. Not really until the arrival of national advertising and high-pressure selling did we become so foolish. It was these things that caused us to forget the Tenth Commandment.

HORSEBACK-RIDING

Since becoming old and lazy I have turned to horseback-riding. The truth is that on my fiftieth birthday I did two things—namely, I went to the oculist and got a pair of reading-glasses, and I went to a stable near by and bought a couple of riding-horses. My father and grandfather were always fond of horses. Therefore, it is logical that I should have inherited a similar fondness. One of the family's sayings is: "The outside of a horse is good for the inside of a man." Whatever new forms of transportation may develop during the next thousand years, horseback-riding will continue as a hobby for a large number of people.

Of course, it is not so safe as walking. Twice I have come near losing my life, but in both instances it was my fault and not the horse's.

I never ride horses from a public stable, and I dislike riding any horse but my own. I believe in one-man horses, one-man dogs, and one-man women. Horses are intelligent, but are great creatures of habit. They dislike to have any new things sprung on them. They like the same routine each day, and they like to have only one master. A feature which appeals to me about a horse is that I can do all the talking. The horse cannot answer me back or ask me what I think of the stock market. When riding, I prefer to ride alone on a lonely path, followed by some employe who will be at hand in case of an accident.

DOGTOWN

To refer again to inheritance. When I was a small boy in Gloucester, my grandfather, on Sunday afternoons, used to take me with him to Dogtown, where he would "salt" the cattle. To those who know nothing about cattle, I will say that young cows are able to take care of themselves during the summer in a New England pasture, getting plenty to eat and drink from the pasture, provided they are supplied with rock salt. Whether my grandfather took these Sunday afternoon walks primarily in behalf of the cattle, or to get away from the women, can never be ascertained. After my grandfather's death, my father continued these trips to Dogtown, although he went in an old Goddard buggy. If one will refer to the address which the Rev. Albert A. Madsen gave at my father's funeral, he will find mention of how my father loved Dogtown. I can well understand it.

There is something inspiring in the huge barren hills and great boulders of Gloucester's Dogtown. At the same time, there are pathos and tragedy in the old forsaken cellars of the original inhabitants. After my father's death I purchased this property and donated it to the City of Gloucester as a park and watershed for a new water system. A description of the Babson Reservoir may be found in the September, 1932, number of that well-known engineering magazine entitled *The American City*. Five years before this, in order to preserve the history and romance of this section, I published in September, 1927, a pamphlet entitled *Dogtown—Gloucester's Deserted Village*.[1] This pamphlet contains a map of Dogtown, on which are located definite spots where Gloucester's oldest families once lived. As a key to the map, I had a corresponding number carved upon the nearest boulder to each of these old cellars. There were originally over sixty of these homes, of which I have located forty. I must class Dogtown as one of my hobbies.

In addition to the many lessons taught me by the rugged hills, massive boulders and glorious sunsets of Dogtown, I am always captivated by the native flowers. Wild roses, blue asters, bayberry and thistles bloom today identically as they did when this former village—now extinct—was at its height of activity. Why is it that through struggle and in spite of flood, drought, and even promiscuity, these native flowers hold their own and refuse to deteriorate? Yet our marvelous newly cultivated species will completely run out in a few years except with continued fertilization and artificial breeding.

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[1] Copies may be secured from the Historical House, Pleasant Street, Gloucester, Mass., for 25 cents each.

The answer to the above query is apparently as follows: through the centuries the native Dogtown flowers have developed some divine technique of invisible control from within, but which does not interfere with the freedom of the individual plants to propagate and grow as they wish. Scientists have not yet discovered how this has been accomplished; but they do know that it is a slow process. In these days when we want government quickly to bring about a new social order, has not Dogtown a lesson for even political leaders? Dogtown teaches me clearly that progress comes only slowly and from developing within the individual self-control, high ideals and other fundamental immunities.

OLD SHIPS AND MAPS

Neither Mrs. Babson nor I have as yet become art crazy, although we had a small gallery in the basement of our home. Here were found modern pictures of Gloucester and Rockport. These were mostly pictures of different types of sailing-vessels. There is something about the sailing-ship that appeals to me greatly. Those who sail the seas must have independence, courage, and initiative; they must be willing to meet any danger and be ready for any emergency. Sometime I should like to start one more educational institution, operated on a sailing-ship plying from Boston to some cannibal port, where the students would barter for merchandise. This would give them real training for business. The sailing-ship also carries a constant moral. This is why the sailing-ship appears on the seal of the Babson Institute, with those words of Ella Wheeler Wilcox:

> It's the set of the sails, and not the gales,
> That determines the way it goes.

For the benefit of landlubbers, let me say that a good sea captain, by the proper setting of his sails and the tacking of his ship, can move against the wind almost as well as with it. I once suggested to Mrs. Babson that we also use a ship on the seal of Webber College, especially as a ship is always referred to as "she." In view, however, of the reason which my father always gave as to why a ship is classed as feminine, Mrs. Babson strenuously objected. My father's reason was, "because the rigging is worth more than the hull."

My love for the sea also directed me to collecting old sailing-maps, especially old maps of America. On the walls of the balcony of the great map-room of the Coleman Building on the Babson Institute campus is found a portion of my collection. The first and oldest map of the United States which I have been able to find is dated 1545. Following this, I have maps of about every thirty-year period, showing the evolution of American geography and finally of the United States. I often look at these maps to remind me not only of my ancestors, but of the possibility that the next one hundred years may witness as many changes as have occurred during the past century.

POSTAGE STAMPS

Like many children, I had when a child the hobby of collecting things. I started with collecting tobacco tags; this at one time was a great fad and was a serious matter indeed with us boys. I well remember how I kept my collection under my pillow at night, and how excited I became when I secured through the mail from some tobacco company a new series of tags. From this hobby I "graduated" into collecting little pictures, about two inches by one inch, of actresses, which pictures came with packages of cigarettes. These appeared to be actual photographs, and every boy with any initiative had his private "art collection." As my father had no taste for tobacco and could not afford the luxury of actresses, he directed my attention to postage stamps!

My interest in postage stamps started with a small collection; but I have gradually built it up to over thirty thousand. During recent years I have neglected these stamp albums, but I look forward to the day when I shall have time enough again to bring them up to date. I am a great believer in encouraging children to collect postage stamps. The habit develops thrift, it is an excellent stimulus to the study of geography, and it ought to awaken in one an international mind. However, do not tell this to your children, for if you do, they will probably throw the stamp-book in the fireplace! The psychologists tell me that the acquisitive instinct is the cause of stamp-collecting, and that the way to encourage it is to suggest to your children that the neighbor's children are getting more stamps than they are getting. In the early stages of stamp-collecting, numbers are as good a barometer as values. Let me add that when some person in humble circumstances wishes to speculate with twenty-five dollars, I always recommend the purchase of an old United States postage stamp.

AUTOGRAPHED LETTERS

During the strenuous years of my life my real hobby was the collecting of stocks and bonds! The collection of other things was left to Mrs. Babson. She is a real "collector." She goes at the task of collecting as she does at everything else, scientifically and thoroughly. She began by collecting autograph letters of famous men. These letters, by the way, are an excellent investment, better than many stocks and bonds. She has autographs of most prominent people from the time of Columbus up to the present day. It is not enough, of course, just to have an autograph letter from a man. Such a letter should refer to some feature of the man's life-work. For instance, a letter by Jay Gould merely asking the laundry man to call for some dirty linen would not be worth much. To be really valuable, a letter by Jay Gould should contain his advice in regard to investments, while a letter from Longfellow should in some way discuss poetry.

One of Mrs. Babson's most interesting letters was written by General Pershing on the first Armistice Day, when he happened to be on a French steamer returning from France to America. Some of the passengers thought it would be well to have some sort of celebration on the ship for this first Armistice Day, although they had no knowledge whatever that similar celebrations would take place all over the world. They thereupon sent a note to General Pershing's cabin suggesting that he have some part in it. Mrs. Babson's letter is General Pershing's reply. Considering the fact that he brought about the Armistice, that this was his first return home after the Armistice, and that this letter was written on a French ship on the first anniversary of the Armistice, it should some day be a very valuable letter. It is interesting to study the relation between the handwriting and the character of people. The study of chirography has not yet reached a scientific stage, but it certainly is very interesting and suggestive. Mrs. Babson has collected some antiques, but only family antiques. Neither of us has a craze for antiques, except as they give a graphic story of our ancestry. Her present hobby is the collection of old glass, but this is a subject too deep and transparent for me intelligently to discuss!

OUR NEWTONIANA

This brings me to Mrs. Babson's most valuable collection—namely, her Newtoniana, to which I have already referred. Since the early years of the compilation of the Babsonchart, which is based on Newton's Third Law of Motion, or Action and Reaction, Mrs. Babson has systematically collected the works of Sir Isaac Newton and contemporary writings treating of his work on Motion and Gravity. This has been most interesting and instructive, and at the same time it has brought to the Babson Institute a collection of Newtoniana more complete than any other in this country. Not only are the major works of Newton found in it, but minor works, translations, and comments in other languages. The important contribution which Newton made to scientific thought is found in *The Principia*, first published in 1687. The first edition, consisting of relatively few copies, was followed by a reissue of that edition. A second edition appeared in 1713, and a third in 1726—a year before Newton died. All these editions are in this collection, and a great prize is a specially bound copy of the third edition.

This was bound in red morocco, hand tooled, with gilt edges and a wide margin. Only twelve copies were so bound up for Newton especially. These he gave to the leading scientists of England and Europe. Mrs. Babson has one of these twelve copies, probably one that went to France. Two other treasures are a first edition of *The Principia* and a second edition of *Opticks,* with notes and corrections in Newton's handwriting. These were in his personal library.

Newton's work on Opticks—originally given as papers before the Royal Society—was published in four editions, beginning in 1704; these have all been found and added to her collections. She has his *Optical Lectures*, given to the students at Cambridge and published after his death, and the various editions of *Universal Arithmetick*. Volumes of the *Transactions of the Royal Society* containing many of his papers; an account of the investigations made by a committee of the Royal Society in regard to his quarrel with Leibnitz as to which discovered certain methods in calculus; contemporary articles and books on the controversy; Flamsteed's *Observations on the Stars*, which Newton had published without the permission of Flamsteed; and the writings of those contemporaries of Newton who touched on any phase of his work—are included in Mrs. Babson's collection. In fact, as far as possible, everything procurable pertaining to Newton, from the time of his birth to the present time, has been added to the collection. The latest life of Newton, published by Professor More of the University of Cincinnati in 1934, is the most recent addition.

GENEALOGY

As Mrs. Babson has been devoting her energies to the family of Sir Isaac Newton, I thought it would be well for me to spend a little time on the Babson and Webber families. Not enough attention is given to genealogy today. People are more interested in studies of stocks, bonds, real estate, and other more tangible assets. The time may come, nevertheless, when these forms of property, over which we are now fighting, may be owned publicly instead of privately. Then our only assets may be ourselves and our children. If this time comes, a great interest will develop in genealogy, biology, genetics, and similar studies. When children become the only assets which a person can have, then serious attention will be given to marriage, conception, and the training of boys and girls.

Leaders, teachers, parents, and young people will someday study genealogical records much more carefully. It is to anticipate this time that I have collected and printed, with the help of George Walter Chamberlain, the *Babson Genealogy* and the *Webber Genealogy*. Someday I hope that my son-in-law, Lewis W. Mustard, Jr., will do the same for his side of the family. To supplement these books, it has been a hobby of mine to collect personal property of my ancestors. On the third floor of my house I had a room furnished with gadgets, from flintlocks to foot-stoves used by my ancestors, during the past two hundred years. This collection has since been given to the Babson Institute. Every family should have such a room which becomes more and more interesting with every generation. It is perhaps my greatest indoor hobby.

GOOD CHEER BOOKS

I have, however, one more indoor hobby—namely, the collection of Good Cheer books. Although naturally very hopeful, I have been quite depressed during the convalescent periods of my illnesses. During these periods I have been helped greatly by reading certain modern books, as well as the Bible. I believe that *reading* should be used by physicians perhaps more than *pills*. Yet I have never known a physician to prescribe the reading of a book. Different people under various conditions need, of course, to read different kinds of books. Persons who are too ambitious need to read a book which will sober them down. People who are too acquisitive need to read a book showing the foolishness of acquisition. Some sick people should read detective stories, while other sick people should read humor. Poetry is soothing, while the study of astronomy is helpful to one having a nervous breakdown or a selfish complex. Therefore, I have done some work toward collecting a library along these lines. The most important part of this library are those books and pamphlets which awaken within one's soul, faith, hope, and confidence. I call them my "Good Cheer Library." Below is a list of such books:

Title	*Author or Editor*	*Publisher*
Way to Peace, Health and Power	Bertha Conde	Charles Scribner's Sons
Faith	Martha Cabanne Kayser	Meador Publishing Co.
Guide to Books for Character	Starbuck and Others	The Macmillan Company
Guide to Literature for Character Training	Starbuck and Shuttleworth	The Macmillan Company
The Day of Worship	William Watters Davis	The Macmillan Company
A Lamp unto My Feet	John R. Gunn	Ray Long and Rich and R. Smith
Sensible Man's View of Religion	John Haynes Holmes	Harper & Brothers
The Conquest of Fear	Basil King	Doubleday, Page & Co.
Truth and the Faith	Hartley Burr Alexander	Henry Holt and Company, Inc.
Faith and Success	Basil King	Doubleday, Page & Co.
Religion, the Dynamic of Education	Walter M. Howlett	Harper & Brothers
Robbing Youth of Its Religion	James F. Halliday	Henry Holt and Company, Inc.
Courage That Propels	G. Ray Jordan	Cokesbury Press
Let's Start Over Again	Vash Young	Bobbs-Merrill Company
I Dare You!	William H. Danforth	Wm. H. Danforth
Prayers for the Way	John S. Bunting	Geo. W. Jacobs & Co.
Thought Farthest Out	Glenn Clark	Macalester Park Pub. Co.

Title	*Author or Editor*	*Publisher*
It Can be Done	Collected by Joseph Morris and St. Clair Adams	George Sully & Co.
Chain of Prayer Across the Ages	Compiled by Selina F. Fox	John Murray
Spirit	Ethel P. S. Hoyt	E. P. Dutton & Co., Inc.
Illumination and Love	George Elmer Littlefield	Red Rose Press
The Hardest Part	G. A. Studdart Kennedy	George H. Doran Co.
Through Failure to Success	James Alexander	Funk & Wagnalls
Grayson Books	Ray Stannard Baker	

Among the many pamphlets which I have with great care selected from thousands which I have read are the following:

Title	*Author or Editor*	*Publisher*
Character Education	National Education Association	U. S. Dept. of Interior Washington, D. C.
Tune in for Your Birthright	Florence L. Clarke	Florence L. Clarke Memphis, Tenn.
Just as I Thought	Coleman Cox	Coleman Cox Pub. Co. San Francisco, Calif.
As I See It	Coleman Cox	Coleman Cox Pub. Co. San Francisco, Calif.
Thought Transmutation	Henry Thomas Hamblin	Science of Thought Press Chichester, England
Simple Talks on Science of Thought (1, 2 and 3)	Henry Thomas Hamblin	Science of Thought Press Chichester, England
The Way	G. R. Halliday	G. R. Halliday Hollywood, Calif.
Hymns of Hope and Courage	Anton T. Boisen	Pligrim Press Boston, Mass.
From Soul-Weariness to Creative Radiance	Walter Devoe	Walter Devoe Brookline, Mass.
The Happiest Man in the World	Harold F. Barber	Harold F. Barber Pilgrim Press Boston, Mass.
For Every Week—Prayers and Promises	Harriet Cecil Magee	Harriet Cecil Magee Worcester, Mass.
Daily Worship	Fourth Presbyterian Church	Chicago Pilgrim Press Boston, Mass.
Everyday Courage	S. DeWitt Clough	S. DeWitt Clough & Son Chicago
Creating Happiness	Aaron Wirpel	Aaron Wirpel Los Angeles, Calif.
Blessed Be Drudgery	William C. Gannett	James Pott & Co. New York
Cobwebs Across the Open Door	Fred J. Smith	Dexter Pub. Co. Tulsa, Okla.
Thoughts of Things for People	Delia A. Lynch	H. E. Ledyard Pub. Co.
Song Service of the Eloist Ministry	Eloist Ministry	Brookline, Mass.
Inspiration (June ,July and August, 1932)	Walter Devoe	Walter Devoe Brookline, Mass.
Science of Thought Review (A Monthly Magazine)	Various Authors	H. T. Hamblin Chichester, England

VISITORS AND THEATERS

I am not a hermit, but people, unfortunately, tire me; hence, an evening alone with the fireplace and my books—without any visitors—is one of my most enjoyable recreations. I believe that if one's life is rightly planned and carried out, there is no need of retirement, but only of some readjustment. I have known too many cases where men who "get through" are soon "all through." It is the hot-water bag that long hangs in the closet unused which deteriorates, rather than the hot-water bag which is often used, as in the case of hospitals. I sincerely regret my lack of interest in the theater. Shakespearian plays, I am very sorry to say, are over my head. The only sort of show I really enjoy is a good musical comedy, with some pretty girls and simple music with a lot of rhythm. I will go many miles to hear a good military band.

I try to be friendly with everyone, but am not much of a mixer—believing that "familiarity breeds contempt." Although concentration is important in achieving success, diversification is far more important to health and safe investing—of money, time, energy, and friends. Hence, I have always tried to be interested in a variety of things and especially enjoy examining and discussing new methods and new inventions. It is a good habit for all business and professional men to try to look at the landscape from the front of the train rather than from the rear. I try to create rather than memorize.

CHILDREN AND GRANDCHILDREN

One hobby at the present time is trying to make plans which will carry on after my death. This consists, among other things, of giving time to my grandchildren, of whom there have been five: Roger Babson Webber, who was born Nov. 17, 1924; Camilla Grace Webber, who was born April 6, 1927 (both in Florida); Michael Parkhurst Webber, who was born Nov. 21, 1929*; Judith Knight Webber, who was born June 25, 1934; and Marlene Babson Mustard, who was born May 5, 1944 (these latter three in Massachusetts). Mrs. Babson says that I coax them to do things which I would have spanked their mother for doing, but my reply is that the world is changing. In fact, change appears to be the only permanent thing!

I truly enjoy my grandchildren—in addition to my desire to instill into them some fundamental principles of life. Playing with little children was meant to be one of man's natural pleasures. We all should give more time to our children and grandchildren. Both will remember us far more for the time we give them than for the money we leave them. *Besides, how they use the money which we later leave them will depend primarily upon the time we now give them.*

* Drowned August 29, 1947, saving another life.

PLANNING FOR POSTERITY

Another thing I have been doing, which I hope will be carried on after my death, is the carving of mottoes on the boulders at Dogtown, Gloucester, Massachusetts. My family says that I am defacing the boulders and disgracing the family with these inscriptions, but the work gives me a lot of satisfaction, fresh air, exercise and sunshine. I am really trying to write a simple book with words carved in stone instead of printed on paper. Besides, when on Dogtown common, I revert to a boyhood which I once enjoyed when driving cows there many years ago.

In all frankness, *Babson's Reports* have been my chief joy and reaction. The work has been most interesting and exciting. Whatever I do during the day, my first thought in the morning and my last at night is how these reports can be made more useful. I further believe if enough families could follow honest and impartial economic and investment advice that all dangerous booms and heart-rending depressions could be eliminated. Yet, I do not believe in a "planned economy" operated by a government where economic advisors will be subject to the influence of any political party. A privately controlled advisory service, moreover, may not be ideal. Because clients rapidly fall off when bearish advice is issued, and because so many employes depend upon these clients' subscriptions for their income, there is a constant temptation for business and investment advisors to temporize. This especially applies to publications, movies, and broadcasting which, directly or indirectly, are interested in commercial advertising. Fortunately, *Babson's Reports* has only one source of income: the subscriptions of its clients.

Hence, my most interesting hobby has been to work out some plan whereby *Babson's Reports* will become a *permanent* economic stabilizer of the country. This can be accomplished only by three simultaneous steps: (1) By increasing our sources of information and checking the character of the people who collect and analyze the data. (2) By reducing the subscription rates for our services in order that *Babson's Reports* may be more widely used, and also so that there will be less temptation for clients to cancel when unwelcome forecasts are made. (3) By having those who control *Babson's Reports* content with reasonable average incomes, looking at the work primarily as a public service. Perhaps these three goals could be reached by reincorporating under the tax-free educational laws and operating with a single board of trustees. Trustees, however, are sometimes vulnerable to their own personal interests. Hence, it might be unwise for *one* such board to own the organization. *The ideal is diversified ownership with concentrated supervision or control.*

As a partial solution, I am using Business Statistics Organization, Inc., described in this book. This company, now owned by Mrs. Babson and me, controls the stock of Babson's Reports Incorporated. But it also owns stock of several other companies. It has been a hobby of mine to so diversify and develop these other companies that it would not at all times be necessary to get an income from *Babson's Reports*. Of course, it would help greatly if the tax laws more fully provided for greater taxable reserves to be set up during good years to take care of losses during bad years. In fact, such legislation is needed by all business concerns to enable booms and depressions to be eliminated. All of the above requires a very high and public-spirited character of ownership. As one step in this direction, my will provides as follows: At the death of Mrs. Babson and myself one-third of the stock of Business Statistics Organization, Inc. (which controls among other companies Babson's Reports Incorporated), is bequeathed in trust to my daughter, another third to the Trustees of Webber College, and the other third to the trustees of a charitable trust—all of these *Three* Boards of trustees being high-grade persons. This should assure clients—after our death—diversified ownership with concentrated supervision.

Chapter XXVIII

MY RELIGIOUS CREED

I WAS brought up on the Apostles' Creed, the old orthodox hymns, and a fundamental religion. As my parents were Congregationalists, they had not the inclusive creeds of some of the more fundamental denominations. Nevertheless, the Congregational creed of that day was definite. The original Congregational church of Gloucester became Unitarian in 1829. This resulted in a fight which divided the church into two hostile camps. My ancestors, I am sorry to say, refused to accept the decision of the majority. On November 17, 1829, Deacons Nathaniel Babson and Andrew Parker, together with five women, separated from the First Parish Church and took the steps which resulted in the organization of the Evangelical Congregational Church. The name of the latter was changed in 1892 to Trinity Congregational Church. This was the church in which I was brought up, although today it is probably even more liberal than was the first Unitarian church of 1829.

How much of the old doctrines my father and mother really believed I never knew and never shall know. For years my father was a deacon in the church and my mother was president of the Woman's Missionary Association. The minister preached fundamental theology every Sunday; it was taught in the Sunday school, and my parents never questioned it in my presence. Every Sunday we all stood up and recited the Apostles' Creed, including these statements: "I believe in God . . . and in Jesus Christ, His only Son, our Lord: Who was conceived by the Holy Ghost, born of the Virgin Mary . . . ; He descended into hell; the third day He rose again from the dead; He ascended into Heaven, and sitteth on the right hand of God . . . ; from thence He shall come to judge the quick and the dead. I believe . . . the resurrection of the body; and the life everlasting." For better or for worse—only the future can tell—this grand old creed is not now used in that church. The reason for the omission would make an interesting sermon!

TOO MANY CREEDS ARE DANGEROUS

There are, however, so many beautiful things in religion about which most people agree, that it seems a mistake to emphasize debatable matters. From my point of view many of these disputed doctrines seem unimportant, especially as the so-called miracles of one generation often become commonplace to succeeding generations. Admitting that nothing is impossible, it certainly is very difficult for a statistician to refuse to believe in the supernatural, even if this means ignoring "natural" laws. If, however, we taught people a multiplication table which they found did not work, they would lose interest in multiplication tables. It may be, therefore, that certain creeds, hymns, and sermons may have tended to undermine the faith of the present generation, even though they have helped earlier generations.

Because we might give our children an incorrect multiplication table, this does not prove that there are no fundamental mathematical laws. Yet, mathematics would certainly be in disrepute if our educational leaders taught various *different* multiplication tables. Therefore, it is fair to ask what faith would our young people have in mathematics if each different state university used a different multiplication table? Our preachers tend to be judged by their theology as mathematicians are judged by their tables and formulas. In other words, it is not the creeds per se which trouble many serious-minded people, but rather the fact that there are so many *different* creeds. Hence, my constant appeal is for a United Church and, if possible, an agreement on some *one creed*, however short it may be.

The immutable laws of the spiritual life cannot be made; they can only be discovered. We must not blame our young people too harshly if, after a college education, they seem to lose interest in the old church and its preachers. Yet the churches, in spite of their different creeds, are responsible for most of the good things which America possesses today. This fact should make us forget the theology of the preachers and thank God for their spirit, sacrifice, and service. At the risk of having criticism heaped upon my head by both conservatives and liberals, I shall now state what statistics have taught me to believe.

GOD IS A SPIRIT

God is a Spirit which we should worship in spirit and in truth. I believe that this Spirit is Love. God is no great big man with long whiskers like Santa Claus, who sits up in heaven or anywhere else. The sun, the moon, and the stars are not God. No idol, either large or small, whether made of gold or of ivory, is God. If we should start with the most solid material "substance," and develop this through various stages, including sound, heat, light, electricity, and gravity, until we reach the cosmic rays, these cosmic rays could perhaps be used as a material demonstration of God. Or, if we should start with the senses, such as our appetites, and develop them through various stages, including communication, education, music, beauty, and peace, until we reach perfection, this perfection would serve as a spiritual demonstration of God.

Statistics teach me that the material cosmic rays and the intangible perfection must sometime and somewhere weld together in some form. I never argue with people as to whether God is a "personality," as much depends on the meaning of the word *personality*. Everything, including statistics, has its personality, and God represents all personality to the *n*th degree. I use the term *God* as representing that great unseen, and largely unused but all-powerful, spiritual force of Love constantly driving toward perfection which a creator of the universe would do. Furthermore, I believe in the intrinsical identity of spirit and matter.[1]

OUR BIBLE LITERATURE

I believe in the Bible. It is the most wonderful book in existence. It is wonderful, however, not because certain men had a part in writing it, but rather because it has survived for so many centuries. Books cannot properly be rated by their authors, but by their ability to stand the test of time. The law of the survival of the fittest applies to books as to everything else. Writers do not make ideas; ideas make writers. The Bible gives us the teachings and experiences of those people who discovered theism—the religion to which the Western races owe so much. The Bible should be a household book and the basis of a course of instruction in every school.

Statistics show that the Bible gradually developed like a river, starting from a little spring as a tiny stream, and that its growth extended over a period of about two thousand years. History now teaches that the Bible really started about 1600 B.C. with mere folk songs and stories which were transmitted from generation to generation. As time went on, these songs and stories were gradually committed to writing. Written records of one sort or another were kept among the Hebrews as early as 1000 B.C. The first of the great prophets to record his sayings in "book" form was Amos, who prophesied about the middle of the eighth century B.C. From one point of view, therefore, our Bibles might begin today with the book of Amos. Genesis, in its final form, was not written until later. At different times, every hundred or more years, an additional brook would empty into the river. I was taught that the book of Psalms was written by one man, David, within a comparatively few years. I have since learned that it is a collection of hymns and poetry written by many different people over a period of several hundred years. It is only a matter of honesty to teach such facts to Sunday-school scholars. Furthermore, to me the book of Psalms, as well as the whole Bible, seems much more wonderful when presented in its true history. Finally, all these brooks and branches developed into a big stream, constituting the "Scriptures" of Jesus' time. This collection makes up the Old Testament of our day.

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[1] "Eventually, science will prove that what is now termed spiritual is identical with what we call matter, in respect to the basic energy that underlies and involves its structure."

Thomas A. Edison.

About twenty years after Jesus had departed, Paul of Tarsus—founder of the Christian Church—began to write letters to the churches, and these letters became the basis of the New Testament. The first of the four Gospels was written by Mark. Later, the other Gospels followed, and finally the New Testament became a reality, thus bringing the river up to its present size. Those who believe in the literal Bible should remember that these books were not brought together in their final form until about 400 A.D., and that through these two thousand years they had been merely copied by hand from one generation to another. This copying by hand, with individual translations and interpretations, continued until 1452, when the first Bible was printed. To me, the true history of the Bible adds to its strength and beauty. And, of course, it also accounts for its many inconsistencies. It surely makes a preacher look foolish when he bases a sermon on one meager text, unless that text represents a great principle which is emphasized from cover to cover.

WHAT ABOUT PRAYER?

I believe in prayer. Statistical research teaches that prayer can "remove mountains" and accomplish more than can any other possible force. The Spirit of God, like radio waves, is everywhere, and prayer is our method of tuning in on this Spirit. Ordinarily, we instinctively keep the doors of our souls closed. But when we pray, we open these doors, so that the Spirit may illumine and empower our lives. There may be some people spiritual enough to secure, through prayer, direct action at distant places. I do not doubt that there are some mothers so spiritual that, through prayer alone, they can directly bring health and happiness to some child a thousand miles away. I believe, however, that very few people possess this power. Probably not more than 5 per cent of even the preachers themselves are thus endowed. Instead of praying that our children may be upright, we should pray that *we* set them the example, so that they *will* be upright. Instead of praying that our boy in a distant land may be successful, we should pray that *we* may write him such letters as will awaken in him those qualities necessary for success. Instead of praying that our sick wife may recover quickly her health, we should pray for wisdom to select the right doctor and treatment to restore her to health.

The fact that prayer today is treated in a commonplace manner and young people are subjected on Sunday mornings to unintelligent prayers by unthinking preachers, naturally makes them shy of prayer in general. I suppose that prayer works primarily through love; at least there is some connection between the two. Considering that so many sane and useful books have been published in recent years by Fosdick and others on the subject of prayer, why cannot our young people be taught the truth about prayer? I never pray for "things"; but I do pray continually for judgment, courage, and patience.

TEN COMMANDMENTS

I believe in the Ten Commandments, as did Jesus. They, however, were never found "written by God" on any tablets of stone, but were rather the result of thousands of years of human experience. To me, this fact makes them the more wonderful and trustworthy. We even now learn that other nations had a similar code. The Laws of Hammurabi are an illustration. The average preacher and Sunday-school teacher are reluctant to admit this fact, but to me it adds to the truth and value of the Old Testament. One important feature of this great moral code is that it is intended to enrich and enlarge life rather than to impoverish and restrict it. Once, when I was on a vacation at Kezar Lake, Maine, I prepared the outline of a book which showed how the law of Moses correlated with the great instincts of life.[1] Statistics teach that these Ten Commandments are just as applicable today as they ever were. Truth is always truth, for every race, age, and religion.

I believe in home and foreign missions. The future of missions lies in taking from all religions those fundamental truths upon which all agree, and building a structure thereon. Christians have nothing to fear from such a program, as the result would redound to the truth of Christianity. I regret that lack of space does not permit me to refer to each of these Ten Commandments. The first Commandment emphasizes the importance of reverence; the last Commandment emphasizes the dangers of covetousness. Between these two extremes there is outlined a course of life biologically, psychologically, and spiritually sound. It is too bad that these Ten Commandments, even though they appear twice in the Old Testament, are smothered by so much extraneous material.

JESUS' MESSAGE

I believe in Jesus and the Golden Rule. Jesus, of course, was the Son of God, but I believe that all of us are somewhat sons of God. I have no quarrel about Jesus with either liberals or conservatives. I, however, do believe that if Jesus were in the Sunday-morning congregation of the average preacher and heard him pray, sing, and preach only about "Jesus," there would be a great surprise. I feel that during the middle of the minister's sermon Jesus would rise and say: "My friend, you have gone far enough. You are putting into my mouth words which I never said, and you are representing me as something which I never claimed to be." Jesus deserves a great place in history. I am anxious to testify that He deserves the greatest place in history, but His great contribution was not that upon which the theologians discourse.

Jesus was born in a nation which gave the world monotheism, which is the basis of the Christian religion. As a foundation of the people's education, there were certain definite laws of conduct. Gradually, through the centuries, the *letter* of these laws was more and more emphasized, while the *spirit* was more and more forgotten. The custom of sacrificing a lamb under certain conditions was based on an important spiritual and psychological principle. Yet these people had no mercy for the poor, the sick, or the bereaved. Jesus appealed for mercy rather than sacrifice. However, in this He was simply preaching the teachings of Hosea, one of the old Hebrew prophets. Jesus said he came not to destroy the law but to fulfill the law. He did not question the tithing of "mint, cummin, and anise," but at the same time He did appeal rather for the weightier matters of the law, such as truth, justice, and mercy. Jesus taught that "God" is Love and it is Love which we should worship and not Jesus.

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[1] *Instincts and Emotions*, published by Fleming H. Revell Co., New York City.

GOLDEN RULE

As a simple and practical rule of life, Jesus preached the Golden Rule; that is, "As ye would that others should do unto you, do ye even also unto them." Yet, as a Christian, I am reassured by the fact that many of the so-called "heathen religions" also had this same Golden Rule, and from them Jesus may have taken the thought. Young people should especially be interested in the fact that this Golden Rule is founded on the same Law of Action and Reaction about which Sir Isaac Newton wrote in the *Principia* in 1687. In short, we should do right by others because what we do to them they ultimately will do to us. Kindness reacts as kindness, while meanness reacts as meanness. Only as this fundamental principle is universally recognized will the business cycle be flattened out and wars between nations become a thing of the past.

I believe in heaven and hell, but not in the heaven and hell in which my ancestors believed. I heard, when a boy, many a sermon describing in detail that burning hell where we all would go if we died unconverted. Preachers then also described in detail the physical construction of heaven, and I can visualize now those pearly gates and golden streets, with orchestras of angels. Even as I am writing this chapter, similar sermons depicting in such detail heaven and hell are being preached in many Southern and Western churches. The fact that Christianity still survives, in spite of such preaching, is evidence of its great intrinsic power. To me, the heaven and hell of our ancestors was a personification of the basic law of rewards and punishments. The heaven and hell pictured to me when a boy should, in my humble judgment, have frankly been presented merely as a primitive illustration of rewards for righteousness and punishments for sins.

THE REAL TEST

The final test of any religion is its ability to enable its followers to meet every task and flourish against all enemies. This means that in order to overcome

Communism or any other "ism" Christianity must bring the greatest success *in the ultimate sense* to the peoples which adopt it. Hence, the final test is whether a religion enables people to survive in competition with peoples possessing some other type of religion or no religion at all. The best religion will be that which wins domination over the rest of mankind in an honest, merciful, efficient and lasting manner. The religion not worth having is one which results in failure in this practical sense and which unfits people which adopt it and results in their downfall before other people with more productive types. Hence, our churches should emphasize those features of Christianity which develop strength, spirit, and thrift.

No religion or civilization can exist by softpedaling rewards and punishments. The downfall of democracy in its present form will probably come about through an effort to ignore the laws of rewards and punishments. To stop preaching entirely about heaven and hell is as wrong as to picture it in the old fantastic way. Politicians find that they can get votes better by attempting to withhold rewards for industry, intelligence, sacrifice, and courage; and by remitting punishments for indolence, carelessness, dishonesty, and ignorance. Ultimately, such a political policy, if continued, will result in the breaking down of democracy and the bringing about of a temporary dictatorship.

JUSTICE AND MERCY

Unfortunately, this attempt to ignore rewards and punishments is encouraged by many well-meaning, "socially-minded" preachers. They refer to Jesus' appeal for mercy and justice, but entirely forget of what real mercy and real justice consist. It is not merciful to let a race or a family become soft spiritually, physically, or intellectually. It is not justice to tax the thrifty to support the wasteful. Jesus appealed for a *stronger* race. It is true that He said: "Come unto me, all ye that labor and are heavy laden, and I will give you rest." But He also told them to take His *yoke*, and thereby help pull the cart. He never suggested that His followers should climb into the cart and let someone else pull it.

I believe that justice and mercy should be preached continually, especially to our young people, but let us explain honestly to them of what justice and mercy really consist. We should not undermine their manhood by any wishy-washy doctrines. I believe, of course, in eternal life, as does every conscientious scientist. Life is indestructible. As when throwing a pebble into the ocean, ripples are started which go on forever, so do our acts, words, and thoughts forever persist. We all live forever, for good or for evil; and we all make our own heaven and hell. In the end, our heaven or hell depends upon the amount of true love which we possess. In the end, our justice and mercy depend upon whether we are breeding a stronger or a weaker race. Our missionaries to foreign lands may express love for these people by teaching them birth control and helping them harness gravity for power.

CHURCH-SCHOOL TEACHING

I cannot close without making an appeal to the educational societies of our leading denominations to revise their church-school lessons along sane lines. I believe in teaching the Bible, although I probably would not use with young people the King James Version, any more than I would give children an unabridged dictionary for learning elementary spelling. I probably would use *The Shorter Bible,* or *The Soul of the Bible*, or one of the other valuable condensed versions. This Bible should be taught during such years of a child's life as pedagogists determine. I think it is a mistake, however, to allow this complicated Hebrew history to overshadow great basic life-truths. I graduated from Sunday school able to tell forward or backward the story of Jonah and the whale; but without any satisfactory knowledge of prayer—its power, its possibilities, and its limitations.

When recently looking over one of my grandchildren's church-school lessons, I found that the educational publishing societies are now going to the other extreme. They are having the children study the lives of famous men, some of whom are Bible characters and many of whom have lived in recent years. This is on the advice of psychologists, who believe that during a certain age hero worship is the biggest thing in a child's life. I believe that when a child attends church school he should be impressed with a few fundamental truths, which I might summarize as follows:

(1) We know that since the world first began to be formed some divine power has constantly been working to develop perfection. Each of us has the opportunity of working with this power or of attempting to ignore it. To work with it is righteous; to ignore it is sin.

(2) Instruction in these matters can be secured from many sources, but that which has withstood the greatest tests and represents the longest experience is known as the Scriptures. Wise is the young person who daily reads its message and affiliates with some church.

(3) We know that, owing to our being free agents, it is important for us to secure judgment, courage, and patience. Only through quiet meditation and prayer can we tune in on this divine power and secure judgment, courage, and patience. Hence the economic value of family worship and Sunday observance.

(4) We know that as we act in harmony with the divine course of things, we must be happy. Happiness is the natural reward for service, while unhappiness is the natural punishment for sin. To be truly happy ourselves, others must also be happy. This fact demonstrates the importance of the spirit of love, and the health, wisdom, and prosperity which this spirit develops.

(5) We know that millions of people have been born again—that is, have had a "conversion" which has changed jealousy into kindness, fear into faith, indolence into energy, and indifference into initiative. Such spiritual rebirths are the only known offset for poor inheritance.

(6) We know that everything works out well for those who do right. Jesus taught that we should not worry, but should be content to do our day's work faithfully, accepting cheerfully the result, whatever that may be. Thankfulness is a basic requisite of a life actuated by love.

(7) We know that life is eternal. As we get this point of view, faith takes the place of doubt, courage supplants fear, and no person and no thing can annoy us. Love surely is eternal, and if we sufficiently possess it, we are sure of a satisfactory eternal life.

CONCLUSION

In teaching these fundamentals I should not attempt to base them wholly on some verse of Scripture. Although I should synchronize them with the teachings of the Bible, I should emphasize that the writers of this great Book *discovered* these facts and did not invent them.[1] Furthermore, I should show that these facts are based upon and correlate with physical laws. For instance: THIS HOLY SPIRIT WHICH WE CALL GOD IS THE GENERATING FORCE OF EVOLUTION. THE POWER OF THE SPIRITUAL LIFE IS DUE TO THE SAME LAW OF ATTRACTION AS THAT WHICH HOLDS THE PLANETS IN THEIR COURSES. THE EFFECT OF PRAYER IS A LAW OF PSYCHOLOGY, PROVEN IN THE LABORATORY. THE GOLDEN RULE IS FOUNDED ON THE SAME LAW OF ACTION AND REACTION WHICH UNDERLIES PHYSICS, CHEMISTRY, MECHANICS, AND OTHER SCIENCES. ETERNAL LIFE IS MERELY THE LAW OF THE CONSERVATION OF ENERGY APPLIED TO OUR SPIRITUAL EXISTENCE. THESE ARE THE GREAT MESSAGES WHICH JESUS TAUGHT. EVERY ONE IS AS DEMONSTRABLE AS A PROBLEM IN GEOMETRY.

THESE THINGS I KNOW

I have planted a garden; so I know what *faith* is. I have seen the birch trees swaying in the breeze; so I know what *grace* is. I have listened to birds caroling; so I know what *music* is. I have seen the morning without clouds, after showers; so I know what *beauty* is. I have read a book beside a wood fire; so I know what *contentment* is. I have seen the miracle of the sunset; so I know what grandeur is. And because I have perceived all these things, I know what *wealth* is.[2]

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[1] See *The Religion Worth Having* by Dr. Thomas Nixon Carver, formerly head of the Economics Department of Harvard University. The book is published by the Ward-Ritchie Press, Los Angeles, California.

[2] *Retired Officers Association Bulletin.*

Chapter XXIX

RELIGIOUS, SOCIAL, AND POLITICAL FORECASTING

WHEN starting my statistical work I found that almost no books existed which were of any special help in forecasting business conditions. Some magazine articles had been published on the business cycle and price trends. The standard book on the subject was Theodore E. Burton's *Crises and Depressions.* Mr. Burton served as Senator from Ohio and was a very fine man. One of the first times that I ever spoke in public was at a meeting of the American Bankers' Association in Cleveland, when I took part in an informal discussion. Senator Burton was in the audience and was attracted by what I said. Apparently he was the only one on whom I made an impression. At any rate, much to my great pleasure, he invited me to dinner. This was the first recognition that I had ever received from a man of prominence, and it made a deep impression on me. Ever since then I have tried to show my appreciation of what he did for me by my giving other young men a boost in their struggling years.

Owing to the lack of text-books on business subjects, I resorted to reading the files of old magazines and newspapers. One of the first purchases which I made for my library was a set of bound volumes of the *Commercial and Financial Chronicle.* This set was complete from the date of its first publication. These volumes became my text-books. They are even more valuable today than ever before. My analysis and forecasting of business, social, and political conditions have largely been based on the following simple principle. *After ascertaining from the Babsonchart in what period of the cycle we are, I then look back in the old volumes of the* Commercial and Financial Chronicle *and learn what followed in business, society, and politics when similar conditions existed in the past.* How long the rule will work I do not know, but thus far it has worked nearly 100 per cent. The mistakes which I have made have occurred when I have neglected to follow the above rule.

STUDY HISTORY

Let me say that I have made many mistakes. Unfortunately, I am not like a doctor, who is able to have his mistakes buried under four feet of earth. My mistakes go into permanent print and are held by public libraries for "eternity," so to speak. Reading these old reports of mine makes me humble. Although many of my old reports and forecasts are now embarrassing to me, yet these mistakes become valuable in the long run. The files of our own reports go back so far now that they also can be used in conjunction with other historical data.

It certainly is tragic to see the way college professors and other economic or social writers will prepare text-books and articles without taking the trouble to read old magazines and newspapers. They apparently write a book on economics as a novelist would write a story. Nearly all of the books on business, social, and political conditions are written in this manner, without a proper study of history. This method is responsible for much harm and disappointment. Bankers, captains of industry, labor leaders, economists, sociologists, and especially politicians should spend a greater portion of their time in studying history. They would find that history almost inevitably repeats itself; and it probably always will, although in a somewhat changed form. It may be more correct to refer to a "business spiral" rather than a "business cycle," because the long-trend line is always going upward. The Law of Action and Reaction, however, is always at work.

BUSINESS FORECASTS

My mistakes in forecasting business conditions have usually resulted from being too early; that is, my forecasts have been premature. This was especially true in connection with the great depression following the era of prosperity which started in 1923 and continued until 1929. Although I gave a very pessimistic address immediately preceding the collapse in September, 1929, yet I had been giving similar warnings for about eighteen months. Although a study of newspaper files shows that the Babson Organization was given almost exclusive credit for forecasting the great depression of 1929-35, yet it should be realized that we thought the break would come before it did. In the same way we thought the upward turn would come before it did in 1932.

The tendency to issue premature warnings may be due to two causes. First, it is human nature for us all to want to beat the other fellow in our forecasts. No one wants to be a trailer. As magazines issue their December number in November, so statisticians and economists tend to be in too much of a hurry. Second, these very warnings do of themselves prolong the period of prosperity or the period of depression. It is probable that if warnings given in 1927 and 1928 had received no general publicity, the collapse might have happened a year or more earlier. For the same reason, if our optimistic forecasts in 1931-32 had not been broadcast, the depression might have ended earlier.

The making of forecasts tends to defeat their accuracy. If everyone believed in and heeded the Law of Action and Reaction, there would be no business booms or depressions; that is, the economic cycle would become a straight but slowly-rising line. One thing is certain—namely, the economic cycles have always existed and that they have always been comprised of four distinct periods in the same sequence. First comes a period of improvement; then follows a period of prosperity; then ensues a period of decline; then follows a period of depression. Then we again enter a period of improvement.

COMMODITY FORECASTS

Mistakes in forecasting commodity prices have been due primarily to not having sufficient information as to the available supply, and especially as to the latent demand. Commodity prices are definitely based on the Law of Supply and Demand. They always have been, and they always will be. Politicians, sociologists, and even economists will, from time to time, attempt to ignore this fundamental law. Politicians demand legislation to restrict production, fix prices, and otherwise artificially control the commodity situation. Most such attempts have resulted in complete failure, and usually have been followed by serious reactions. Artificial interference with commodity prices may, in emergencies, be of temporary value, like a drug in relieving pain. The drug, however, effects no cure and often delays recovery. Legislation attempting to affect commodity prices, or any feature of general business, is exceedingly dangerous under a democracy.

A depression can be avoided only by checking the preceding period of prosperity. Thus far, no political body has had the courage to check an era of prosperity. Those few national leaders, whether connected with the executive or the legislative department of the government, who have attempted to curb prosperity have been crucified. They received only persecution for their honest and wise efforts. This has especially been true in the case of certain members of the Federal Reserve Board, who, under the original law, were directed to do this very thing. A wise and conscientious dictator might accomplish the desired result, but is it worth a dictatorship?

It is important to keep in mind that there are at least four distinct cycles at work,—the 3½ Year Cycle, the 9 Year Cycle, the 18 Year Cycle and the 54 Year Cycle. Some refer especially to commodities, some to real estate and some to investments. Thus although I believe in cycles, yet their application is very complicated.

BOND MARKET FORECASTS

When I started in business a bond was a bond. In those days the average bond price was merely the reverse of the average money rate. As money rates went down, the price of bonds went up, and vice versa. The bonds then outstanding were either government, state, municipal, or corporation bonds secured by first mortgages. The forecasting of the bond market in those days was fairly simple, and should have continued simple if only high-grade bonds were outstanding. During my lifetime, the bond market has been tremendously diluted and abused. When bankers found that it was easier to sell bonds than stocks, they formed holding companies to buy the stocks which they could not sell, and they had these holding companies issue so-called bonds. Sometimes these were called "collateral trust bonds," and at other times "debenture bonds," but usually they were issued merely as "bonds."

I have never had sympathy for speculators who lose money in the stock market; usually such persons expect no sympathy. For investors, however, who try to be conservative and confine their purchases to bonds, I am sympathetic. They are entitled to some protection. One of the most disgraceful features of every period of prosperity is the issuing and selling of these so-called "bonds" to innocent investors. They are labeled bonds; they look like bonds; they have coupons like bonds; and they are set up in every way to deceive. How any self-respecting man can be a party to the issuing or selling of such securities is beyond my comprehension.

As a rule, the honest bond market anticipates somewhat the stock market. After a period of depression and uncertainty, idle funds first seek security. Many corporation bond dealers claim that a good stock market must precede a good bond market, but this is owing to the fact that their bond issues are usually on new or speculative enterprises and should be classed more with stocks than with bonds.

STOCK MARKET

As the stock market usually anticipates changes in business conditions, mistakes in forecasting the stock market have naturally correlated with mistakes in forecasting business conditions. The temptation, moreover, is even stronger to be premature in calling stock market turns. Yet, even these premature warnings are very valuable to those who follow them. While those who heed such forecasts may not sell at the top nor purchase at the bottom, they assure themselves, nevertheless, a very handsome profit. The fact that stock market operators try so hard to pick actual tops and actual bottoms often causes them to spoil their own game. This results in subsequent market movements which may reach new highs or new lows, according to whether the country is witnessing a bull or a bear market.

My principal mistake in forecasting the stock market has been in attempting to pick winners. The future course of different industries can be foretold; but it is difficult to determine in advance just which company of that industry will be most successful. The record of our Organization, when forecasting the average price of the stock market as a whole, has, however, been exceptionally good, even although we have been premature in calling the turns. This means that those of our followers who have diversified and confined their purchases to a broad list of supervised stocks, buying and selling this list as directed, have made good profits. Of course such a diversified list would include certain "lemons" which turn out badly; but these few losses would be submerged by profits on most of the list.

Most persons seem averse to buying a broad list of stocks. They beg their investment counselor, their banker, or their broker to recommend some "one stock" which they can buy for a profit. The salesman representing a business such as ours is continually beseeching the home office to pick "winners." The greatest numbers of *leads per dollar spent* on advertising can always be secured by offering to recommend some one stock that is "due for a rise." The next best-pulling advertisement is that which offers "five low-priced stocks." Our ambition has sometimes got the better of our judgment, and we have melted to these appeals. Yielding to this temptation has often resulted in our making recommendations of which I am much ashamed.

WAGE FORECASTS

The forecasting of labor movements, wages, hours, and conditions of work is comparatively simple. The trend of labor conditions is a perfect example of the Law of Action and Reaction. For a period of years the employers are in the saddle. The open shop rules supreme, while the membership in the labor unions dwindles. Finally, employers so abuse their power that a reaction occurs, and the labor leaders get into the saddle. Then the closed-shop movement develops and membership in the labor unions increases. These labor leaders rule the situation; but they, too, overreach, and once again the employers get the upper hand.

In a general way, the labor cycle synchronizes with the business cycle, unless there is political interference. Surely it is easier for labor leaders to assert their power during a period of business improvement than in a period of business decline. The constant swinging of the pendulum between those who "have" and those who "have not" always has existed and always will exist, *so long as the pendulum is free to swing*. Furthermore, when some political organization seizes the pendulum and stops its swinging, true progress is being retarded. We progress only as we learn through mistakes. I do not object to labor troubles; they are a sign of healthy growth. I should not want to live in a country that did not have any labor troubles.

When it comes to forecasting the trend of wages, *in the form of dollars*, it usually is safe to forecast an upward trend. The shortening of hours and the monetary inflation which is almost constantly going on tend to bring this about. When the contents of the pay envelope are translated into food, clothing, and shelter, then wages, like commodities, follow the Law of Supply and Demand.

Labor unions have been successful in bringing about better working conditions and higher dollar wages by obtaining political interference, but they have done little, if anything, to affect the wage scale in terms of food, clothing, and shelter. The wage-earner gets more today in food, clothing and shelter only because of scientific discoveries, more efficient machinery, and improved processes. When, as, and if socialism ever comes, it will be brought about by scientists working in laboratories, rather than by politicians working in Congress.

POLITICAL FORECASTS

Politics is perhaps even a better illustration of the Law of Action and Reaction than anything else. If I had the privilege of making one rule for Congress, it would provide for the reading each morning of a daily newspaper issued twenty and forty years before. It would be out of place for me to criticize daily newspapers, as their publishers have always been very kind to me. Yet it pains me to see so much space in these great publications used to entice people to drink liquor, smoke cigarettes, and buy harmful patent medicines, when the opportunity for good which these newspapers have is so great. Nevertheless, if I owned a newspaper, I might be forced through competition to fall for harmful advertising. The newspaper, ever since it first came into existence, has been the best example of efficient editing, production, and distribution.

To get the greatest value out of a newspaper you should not be content merely to read today's paper. You should give as much time to reading the newspapers issued when similar conditions existed ten, twenty, or forty years before. One trouble with our Congressmen and legislators is that they confine their newspaper-reading to today's current paper. If compelled to listen for half an hour each day to the reading of daily papers issued when similar political conditions existed in similar periods of the political cycle, they would pass far less foolish legislation. I am serious about this and speak with considerable authority. I have never had a failure in connection with my political forecasts, and my successors can continue with a perfect record if they will but follow the above suggestion.

Most political leaders are so busy reading current material and talking with callers that they are very ignorant of political, social, and economic history. Certainly there is nothing new under the sun in connection with politics. The same old show is continually being pulled off, with merely a change in scenery and titles. Each time the pendulum swings a little farther each way. The world is gradually getting better, but permanent changes come very slowly. A race can gradually become taller, or healthier, or even change the color of its hair, but such changes take centuries. It took a million years to teach men not to eat one another and thus eliminate cannibalism.

Political leaders, college professors, and preachers who think they are going to bring about permanent radical changes within a generation are crazy. They may, through some fluke, bring about a temporary radical change, but such sudden changes have always been followed by a reaction, and always will, although the trend line continues upward. The most ludicrous feature of all this to a statistician is, that these good people are always doing their preaching at the wrong time. The same group that are most pessimistic during an economic depression and who howl for a "new order" are the very ones who were the most optimistic during the preceding period of prosperity, and then thought or preached about a "new era." Ninety-nine men out of a hundred—and this includes most political leaders—unconsciously go with the crowd. I suppose they are obliged to do so to get elected. They watch to see in what direction the crowd is marching and then bravely ride up at the front and pretend to lead it.

REAL ESTATE FORECASTS

I must say a final word about real estate. In addition to dividing the economic cycle into four periods, we might also divide it into twelve divisions. Starting with the period of low wages and increasing thrift, we next pass into a period of greater efficiency and higher bond prices. Then follows a period of greater religious interests, accompanied, strange to say, by higher stock prices. This, in turn, is followed by a period of resumed general buying and increasing commodity prices. The next stage is general employment and activity in all lines, which in turn is followed by a period of inflated real estate prices and high money rates. This means that real estate seems to be the last major business factor to benefit from a period of improving business. Sometimes the real estate boom is the culmination of a period of prosperity.

The decline begins with an increase in producing costs and a decrease in the demand for goods. This is followed by a period of inactivity, with low bond prices. Then there is an attempt to "beat the gun" through dishonesty, which finally results in a demoralization of stock market values. This is accompanied by a deflation of commodity prices and often is followed by a crime wave. This causes a universal lack of confidence resulting in general unemployment. This unemployment necessitates the consolidation of families, the vacating of property, the foreclosing of mortgages, and a total collapse in real estate values. Thus it will be seen that real estate is also the last feature to suffer in the general depression.

There should be a more rational relationship between money rates, cost of construction, and new building. New building should be undertaken when money rates and construction costs are low. Statistics show, however, that we build not when we should build, but when we are prosperous. Instead of the heavy industries prospering during a period of depression, which they should do both in the consumer's interest and to flatten out the business cycle, they do not prosper until the boom comes on. Most buildings, therefore, are erected during peak prices. This results in accentuating the fluctuations of the business cycle. For these reasons, one may forecast real estate markets with considerable accuracy.

BE A PHILOSOPHER

What should all this mean to you and me? It should mean that we should not get too excited about business, social, or political conditions. We should take life calmly and philosophically. Let us look at things in a true perspective. We should not allow one tree to shut off our view of the forest. Better let grass grow under our feet than have it grow over our heads. We should read more books written twenty, forty, or eighty years ago, and fewer modern books. We should travel more, especially to old countries, getting acquainted with the religions, customs, and policies of older civilizations. If the reading of old books on religion, politics, business, science, and the like will not take the conceit out of us, then we should take up the study of astronomy. After readng about our own solar system, in which our world is but a speck, then we can read about the millions of other solar systems of the universe! Geology is inspiring. Every geologist is an optimist. He is patient knowing that although changes take a long time, yet everything works out for the best in the end. These geological formations at Dogtown are another reason for making me so fond of the place.

"What fools we mortals be" to fret and stew, borrow and lend, and do the many other silly things! Too much of our work consists of butting our heads uselessly against stone walls! Too much of our time is devoted to making things which are purely a waste! I am not recommending that we attempt to buck natural progress. This is as foolish as to attempt to hasten natural progress. I do advise that we always fearlessly take a stand on the right side of every question, but that we be philosophical about it. Philosophers do not kill themselves or one another. Philosophers are content to develop themselves spiritually, physically, and mentally, and thereby make their greatest contribution to the development of the whole human race. They realize that God is Love, and that Love is continuously working through evolution toward a better world. If all of us will do our own daily tasks honestly and efficiently, progress will come as rapidly as it can be retained.

All sudden and artificial spurts in business, commodity prices, bond or stock quotations, wages, real estate values, or even social reforms are followed by reactions. Ill-directed legislation and force accomplish nothing toward general and permanent improvement. Progress comes slowly through integrity, industry, thrift, judgment, mercy, and those other basic qualities which only the spiritual life develops. The first essential to economic and social planning is a good foundation on which to build. Hence, the first efforts of those desiring to put over national planning programs should be to develop the character, health, and judgment of individuals.

Chapter XXX

MY FAILURE AS NATIONAL CHURCH MODERATOR

ALUMNAE HALL at Mount Holyoke College was packed to its sedate doors on June 16, 1936. This huge gathering was composed of ministers and prominent laymen of a great religious denomination. It was the meeting of the General Council of the Congregational-Christian Churches, now known as the United Church. The delegates were busy on the election of a new Moderator for the next two years—1936 to 1938. The nominating speeches had been made, but the name of only one man had been mentioned.

A minister from my home town, Dr. J. Burford Parry, said: "His election will assure the church of a middle-of-the-road course on social and economic matters; he should reassure all those who are fearful of the path which the church will take; he knows the forces at work in our civilization and he will be able to bridge the chasm between the liberal and the conservative." Another mentioned my faithfulness and loyalty—my work on important committees. Others added their own words of recommendation. Then the presiding officer announced:

> Ladies and Gentlemen of the Convention, election is by ballot; but, with unanimity, the Council has instructed its Secretary to make one ballot for Roger Ward Babson, of Wellesley Hills, Massachusetts, as Moderator for the coming biennial.

The cheers were spontaneous. They all knew me. For the last seven years they had been hearing about my work as the chairman of the Committee on Church Attendance. They had also heard of my efforts to encourage each church to be open more and to work more.

"Unanimously elected!" That was a hopeful and pleasant augury. It had not happened in thirty years; usually it was a see-saw business with several candidates, but on this occasion, the delegates apparently were united completely. The result was the gift to me of the highest honor in their power.

GOOD MAN GONE WRONG?

A minister is nobody's fool. Already these men were wondering what was in store for me. They knew something that I did not know. They knew perfectly well what soon I was going to find out. At the close of this busy meeting, I was presented with a typewritten statement by General Secretary of the Council Charles E. Burton. It was short and read:

> The representative functions of the Moderator shall be that of visiting and addressing churches, conferences, associations and conventions, *upon their invitation*, and of representing the Council in the wider relations of Christian fellowship so far as he may be able and disposed. It is understood his personal acts and utterances have no authority from or upon the General Council or its constituent groups.

On the following day, I was the principal speaker. My address, as Moderator-elect, was entitled: *Foundations vs. Paint, Plastering and Furniture*. It was brief and as follows:

> My text I will take from the seventh chapter of Matthew. It is the phrase: "Everyone who heareth these sayings of mine and doeth them not shall be likened unto a foolish man who built his house upon the sand." First, let me say that all Protestant Churches are not on sand foundations. In a sample list of 1,000 churches for which systematic records exist, there are about 200 which always show gains in all church departments. The same general average of 20 per cent applies to all Protestant denominations. Protestant churches, as a group, are falling off in attendance, in additions by confession, in gifts to missions, and in evangelistic work.
>
> This decline is not the fault of the ministers, nor of the choirs, nor of other things to which laymen blame the difficulty. This is readily proven by noting that if a famous minister is transferred from a growing church to a declining church, this famous minister usually is unable to repeat his success in the new field. Churches make ministers, or choirs, or atmosphere. Ministers, choirs, or atmosphere do not make churches. The decline of the churches is due largely to us laymen who pretend to run the churches.
>
> I never like to refer to finances in connection with churches. Yet if you will divide any church budget by the number who attend its services, you will be surprised at the result. In the majority of cases this cost runs from one to three dollars per person per Sunday. This, moreover, is after exemption from all taxes, and after the payment of low salaries to ministers, and with the benefit of many voluntary workers. As church attendance continues to decline, the cost per capita rapidly mounts upward. This mathematical fact also is seriously affecting our gifts to missions.
>
> Another thing: You all know about the questionnaires which the Commission on Church Attendance sent out to 100,000 laymen. The various answers have been grouped under twenty headings in a report which has been mailed to all you ministers. The only suggestion for increasing church influence upon which they were unanimous, was the first, namely: "Improve the character and influence of church members and thereby demonstrate the *usefulness* of church attendance."
>
> People are not interested today in church-going per se. They say that the Church has forgotten its fundamentals; they are now getting too little appreciable benefit from church-going. The future of the Church, in my humble judgment, depends upon us church people living better, healthier, happier, and wiser than those who do not regularly attend some church. People are just as hungry for spiritual help today as they ever were; but a statistical analysis shows that most churches are not rendering such help. When I was a boy the Church fearlessly preached temperance and proper living; as a result, the church families were the healthiest in the community;

it bravely fought dancing, card playing and gambling which—whether you like it or not—caused the church people to have the respect of the community. The Church encouraged large families, which provided the raw material from which it grew. Most of all, the Church emphasized the Word of God, Sunday observance, Family Prayers, and the importance of spiritual life.

The Church must return to these fundamentals before church attendance, religious education, gifts to missions, social action and other activities will return to normal. Just asking people to attend and support a church as a "duty" will not long bring results. Here are four concrete suggestions:

1. Each church needs some person to: *Emphasize the importance of having the church give greater recognition to the birth of children and to encouraging parents to give these children a Christian home training.*
2. Each church should have some one person to: *Emphasize the importance of spreading Jesus' Gospel in their own communities, and seeing that the church accurately records its attendance including the attendance of church officials, trustees and members.*

This requires taking a firm stand against liquor, gambling, late parties, questionable movies and other things that are sapping the life of our churches. We must expect to be different from the world if we are to lead the world. We must again be willing to be laughed at and called 'queer.' Hence:

3. Each church should have one person to: *Emphasize the need of more church workers and cooperate in keeping the church doors open at all times.*

Today Democracy is suffering largely because so many of the nation's 40,000,000 Protestant church members do not care enough about saving Democracy to bother to vote. Therefore:

4. Each church should have one person to: *Emphasize the importance of civic duties, and to record the number of church members who vote at each city, state and national election.*

The secret of building up churches is to give church-goers something which they cannot get elsewhere, such as strength, courage, health, guidance and unselfish interest in those less fortunate.

I do not worry about the long-range future of Protestantism. It is as secure as the multiplication table. Today the churches are merely in a pocket from which they will some day emerge more useful than ever before. But when? Will this be soon, or must we wait for another century? Only a spiritual awakening can prevent another World War[1] into which our children and grandchildren must be drawn. Our people are today living in a fool's paradise. Our churches, therefore, should snap out of their present inferiority complex immediately. Let us tell the world that Jesus has the only solution to personal peace, economic peace, and international peace. Every other method has been tried and has failed.

MY WORK STARTS

There it was! As newly elected Moderator, I had spoken out in meeting and I had honestly given them exactly what was on my mind. If, however, there were those who did not like the address, there were others who did. Throughout the country, the newspaper headline writers displayed "Birth Decline Perils

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[1] The reader will remember that this was written in 1936.

Churches," "Babson Blames Church Plight on Laymen," and "Babson Advises Churches to be Open More Hours."

The convention ended with the usual pleasant note of all conventions. On the surface it looked as if things might be better. Nobody but the most optimistic hoped for a large part of the Moderator's plans to be put into operation, let alone to bear fruit. Everybody had seen plans and ideas before by the thousands. However, I went home hopeful and enthusiastic. Here was something that I had wanted to do. It seemed to be the great chance for which I had been looking to put over some of my own thoughts outlined in previous chapters of this book.

History has shown that the Church is not a separate, untouchable institution but that it follows a cycle as does business and prices. For some years many things had been tried to remedy this baffling, distressing situation. Individual ministers and churches had worked hard and earnestly. In some instances individual churches had succeeded, but the larger picture was sad and disheartening. In one of the darkest periods of our history, almost half of the Protestant churches were unable to show an addition on confession of faith! The cycle certainly was against me.

Unless the reader realizes this situation, he cannot understand my conduct in relation to it. Here was an important machine that had slowed down; it needed rebuilding. Many theological mechanics had tried tinkering with it, and still the big machine was moving along with two or three cylinders missing. I had been selected by those same tinkerers and operators to do something. Let no critic say that I overstepped my role and continually spoke out of turn.

So we had these two facts: a Church on the decline, and the appointment of a man with ideas on how to cure that decline. To the impartial observer, my election to moderatorship was just one thing—a mandate to do something. What might have been in individual minds no one can say. But the collective mind indicated that I should take over and try out some of my recipes. What other reason can one give?

TRAINING FOR THE JOB

I did not come to the position of Moderator untrained or unfitted. The Babson family, living in Gloucester, Massachusetts, had been actively engaged in church work for generations. At five years of age I was sent to Sunday School and continued a regular attendant until World War I, when I was called to Washington.

Christian Endeavor had claimed my attention in particular. In this I could express myself, add activity to something that was capable of promotion. In a short time I was appointed chairman of the Outlook Committee, whose function was to secure new members—and new members were secured. Not long after this I was elected president of the Christian Endeavor Society of my own church. Later I became president of the Cape Ann Christian Endeavor Union. And in 1893, I went to New York City to attend the great National Convention of the Society. Hence I was busy and happy in church work; but of this I have already written in a previous chapter.

Later, when I was a student at Massachusetts Institute of Technology, I attended church in Boston. Then came the period of business panic and depression in the nineties, and I shortly found myself in Home Missionary work. There was intense suffering, starvation, loss of homes and farms in the West. One could send money or goods to relieve the situation. I became a "barrel man" and packer, pro tem. I begged clothing, any imperishable necessity.

It was in 1900 that I married the daughter of a Congregational minister. We moved to Wellesley, Massachusetts, where I always found time to attend church regularly, to speak at meetings, to conduct Sunday School classes. I was getting acquainted with many branches of the church, learning every rope on the ship that was given a layman to know. Next came a connection with the Evangelistic Association of New England, the Massachusetts Federation of Churches, and similar state organizations. In 1923 I was sent as a delegate to the National Council in Kansas City, and thereafter I attended every Council meeting up to my election as Moderator.

In 1929 I took the step from the state to the national field. For some time Protestant denominations had been greatly concerned about the decline in church attendance. City churches had lost their prestige and influence; suburban churches were not doing too well; while country churches were in a terrible state, either folding up or operating with only a handful of old parishioners.

Actual figures on church membership and attendance were not known, though statistics of a sort had been published from time to time. Many new names were added to the church rolls annually, but old names were rarely removed. Feeling that there was a real need for actual figures, the Commission on Church Attendance was created in 1929, with me as its chairman. We obtained the real figures. After careful study they seemed to indicate:—

1. That the average Protestant church attendance each Sunday morning was only about 36 per cent of the church membership.
2. That the average Protestant church attendance each Sunday morning was only about 11 per cent of the total population of the United States.
3. That this percentage had declined from over 12 per cent in 1930 to 10.8 per cent in 1935, or about 10 per cent in five years.
4. That the upturn in 1931 and 1932 was abnormal and due to special conditions.

5. That generally the decline had been almost continuous since 1921, and it was very severe at that time.

BALKING AND STALLING

Such a bitter pill was not going to be swallowed by church officials without balking and stalling. There were ostrich-minded calculators who would show that instead of going down, church attendance was going up. I proved that these optimists were wrong.

Time Magazine, in its crisp manner, printed a squib in its issue of May 11, 1936, entitled, "Running Downhill."

> Dreadily dishonest is the average U. S. Protestant minister. He pads his church membership list by about 25 per cent. Of the names he keeps on it, 8 per cent are dead people. On an average Sunday he preaches to a house 70 per cent empty. On that Sunday nine out of every ten people in the United States either go to a Catholic Church or go to none. Such facts were reported in Manhattan last week to the Association of Statisticians of American Religious Bodies. They were based on a survey of one thousand Congregational-Christian Churches made by a Commission on Church Attendance, headed by that famed and pious statistician, Roger W. Babson.

And in its issue of June 29, 1936, *Time Magazine* touched on the subject with a little more light as follows:

> As Chairman of his Church's Commission on Church Attendance, a pioneer in investigating the simple matter of how many pews are full on Sunday, Roger Babson has reached the conclusion the United States Protestantism is "running downhill." Well informed as he is, the new Congregational Moderator was doubtless aware that in the July *Christian Herald* would appear the annual statistics prepared by Dr. George Linn Kieffer; that these show an increase for all U. S. religious bodies of 670,801 members in 1935, or 1.08 per cent as compared with the total U. S. population gain of .71 per cent; that according to Dr. Keiffer refutes the statement often made that the Church is declining.

I had at last, however, given the Protestant church some figures and with them they could go to work. They were not the best figures to be had, but they could do. I further contended that the only accurate way to make an appraisal of church membership would be by counting "additions by confession" with *re-affirmations* once each year, checked by church attendance. With my election as Moderator, I was obliged to turn the Committee on Church Attendance over to others and hence shall not mention church attendance again in this chapter. I mention it now only to show that I had a definite foundation and reason for my efforts as Moderator even although they later proved of no avail.

A Moderator's career could be a pleasant sort of thing. One could make speeches, grace meetings and conventions; one could, if so inclined, make suggestions. One could scratch and in return get one's own back scratched.

One could, in fact, spend a pleasant and innocuous two years and even make many friends. But to do that one would have to be skilled in the art of accepting things as they are. Probably I should have known this. I had read church history and should have been aware that while the lot of the crusader is picturesque and may get you into the history books, it is very uncomfortable in spots!

SYMPATHY WITH PREACHERS

Before the seat of my moderatorial chair was warm my mail became heavy. I could hardly believe what I read. It appeared that thousands of ministers of every denomination felt that they were not getting fair treatment. There was a note in their letters that seemed strangely out of place in the mind and heart of a minister. A note of timidity, apprehension, even fear. Yet he should not have to bother his head about his earthly hereafter or his present financial station. It is not his business to fight the kind of grimy, soiling battles the rest of us have to fight. He should never be asked to do so. He should be a free man, free to preach exactly what his conscience tells him to preach.

He should be, when rightly endowed and unshackled, the most important man in a community, and once upon a time he enjoyed this distinction. He can mend broken men; he can do a great deal toward healing the sick. But his main job is in helping men to correct the mistakes they have made. This is the job for which the minister is mainly needed and the sooner he realizes it, the better for all. The recipe is just rebuilding men and women after every six-day battle. It is the hardest job in the world. The minister looks down at one or two hundred inquiring, anxious faces every Sunday. Into those faces he must put a new light. Into those bodies he must pour his own spirit and light—give from the contents of one man to the hundreds.

Letters and complaints continued to come. I was not unmindful of the fact that some of these stories were told by incompetent and mistaken men. But where there was so much smoke, it seemed logical that there was a blaze somewhere. I felt that I must do something about it. It was an intolerable situation. No giver to the church ever intended that a shepherd of the flock should be neglected or underpaid. Carillons, granite arches, beautiful interiors, expensive music, all the grandeur that can be put into a church and its conduct mean nothing without the mainspring of the thing. The mainspring is the minister. How can he do anything for the souls of others if he is not captain of his own? Here is a summary of the complaints:

That a minister jeopardizes his chances of a change of pastorate (always thought of as promotion) if he does not play up to the state and national bodies.

That free speech gets a minister in trouble.

That denominational officials are fearful that some mistake would cost them their own jobs. Hence their desire to play safe.

That politics are played at headquarters.

That a resentment is felt among ministers that high salaries are paid to denominational officials, while starvation wages are paid to ministers at the bottom.

That the "higher-ups" seek to control pulpit choices and thus build up a political machine.

That the "machine" extends throughout the country with more or less collusion from state superintendents.

That the young ministers are cowed because they know they can be thwarted in their efforts to make a change of pastorate.

That the present "machine" is driving all dissenters ruthlessly out of the churches.

A fear of disciplinary action for any conduct which might not be looked upon with favor from the "overlords."

In the magazine *Advance*, for July, 1936 (at the time when I was mulling over these letters), there appeared a letter from a minister entitled "A Minister Tries to Think It Through." He told of his success with his church in a small town and wondered how he could get a little more salary, in keeping with his work and ability. It was a peculiarly gentle letter. He blamed nobody; but evidently something was wrong.

With a view to correcting this situation, I asked for a conference with two high officials of the General Council. This was held at Sunapee, New Hampshire, two months after I had become Moderator. I repeated there were complaints that ministers were being rewarded and recognized in accordance with their loyalty to state and national officials rather than with the work which they were doing in their churches. I had definite records of what individual churches were doing, and claimed that by studying these records it would be possible to reward ministers in accordance with their achievements. I was greatly disappointed with the results of this my first official conference. Frankly, I was laughed at!

A month later at the autumn meeting of the Executive Committee of the National Council, I presented the case again. Again no headway was made. For the first time in my life I found myself smack up against a velvet stone wall. My suggestions were received in smiling good-fellowship, but the wall did not move nor did it have a gate in it.

BEWARE OF BUREAUCRACIES

I was somewhat stunned at this reception of my ideas. There was right on my side. Had I not been listening for years to the old refrain, "Give us an Effective Church"? Had I not seen discouragement and bafflement in the attitude of church officials and state superintendents? The bureaucracy which

I was up against insisted that this problem of the ministers was their daily fare. With them it was not a case of looking with a sympathetic but with a detached eye upon a class of men, a group of specimens. To tell them anything new about ministers meant telling them something new about themselves. Such a thing could not be done. It was like a group of doctors being technically advised by the driver of the ambulance.

If the state superintendents and secretaries were frigid to my overtures, I thought there were others who could be reached through the pages of *Advance,* the monthly magazine published by the Congregational Publishing Society. I decided, therefore, to use the pages of *Advance* in my campaign. But the editors would not use my articles and I was compelled to buy a page a month for fourteen months at the regular advertising rates. The first of these advertisements appeared in the August, 1936 number. In the following month appeared the second message, headed "Message to Ministers." In October appeared the third, with the caption, "What Laymen Want."

In November, the message explained my "Open Church" plans more fully. The December page went in for a discussion on whether the Sunday Service should be liturgical or instructional, with the advice that it be both. I urged a wider range of services to suit the more exacting needs of the present day. The January number of *Advance* held my Christmas Message on its back cover. In this I explained my stand on the Social Gospel. Another message was entitled "Appeal to Laymen" to turn their attention to the physical condition of their churches, to repair, paint, and rebuild. I pointed out that the House of God should be the best "home" on the street. "Laymen Should Attend Church Regularly" was a title which appeared in the March, 1937 number.

Finally in this same number in March, 1937 the editors of the *Advance* published a statement. In this statement *Advance* admitted my right to speak what I thought as an individual, but insisted that my statements were not official. The statement had been called forth, so it said, by the letter of a reader who thought I should be denied the right to sign as Moderator if my statements were paid advertisements! It is difficult to see how these messages could have so upset anybody. Why should not the Moderator write or speak about the church he represents?

The messages continued. "Beware Of Church Debts" admonished churches to make greater efforts to keep out of debt and suggested that headquarters get behind anti-debt movements. Another message followed with this heading, "Helping Ministers to Employment." In this I urged something be done for the ministers who were out of employment. Note these three suggestions:

> 1. *For those preferring to remain in the ministry*: That the state officials and headquarters cooperate toward finding employment in cases where the minister had been unemployed for six months.

2. *For those preferring to change from the ministry*: Organize, exclusively for ministers, an employment bureau which will secure for them positions outside the ministry to serve as teachers, secretaries, tutors, inspectors, guides, watchmen, etc., positions where faithfulness and honesty are in demand.

3. *For those considering the ministry*: Endeavor to have the theological schools quota their admissions so that new ministers will not be graduated more rapidly than they normally can be absorbed.

HOW CHURCHES OPERATE

My final message was printed in June, 1937. This caused terrific resentment. This message was the result of a trip made by me when I visited twenty well-known colleges of various church origin. I guess I was lucky to be working in my own century. Three hundred years ago in such a situation, in old Salem or Boston, I would have been on my way out, escorted by a tribe of unfriendly Indians.

The Congregational Church especially had always prided itself on its democratic character—as a "free church." It acknowledged no order nor power except that which could be found in the Bible. Yet three hundred years after its planting on the free soil of the New World, it awoke one day to hear the news that this may not be so. Somewhere along the line certain Boards had come into being. At the head of these Boards is a final authority, but he is not Christ.

It would be a mistake to say that thousands of churches could go along without any guiding strings. Some sort of governing body is needed to give such a big group healthful similarity and efficiency. As the decades progress the number of churches increase, and some sort of cohesive agency becomes necessary. Associations developed, and state officials came into being. State conferences and superintendents could and did do the job of assisting the churches very well indeed. Finally national organizations developed. Every year has seen added growth in bureaucracy. Boards have piled up, have been consolidated, new ones created. Each denomination becomes an entity in itself—something big, imposing, and dangerous.

For the benefits of this huge central organization—and they are many and valuable—the churches have sacrificed their freedom and independence.

In the world outside of the Church I would have seen through this situation sooner than it takes to read this page. But I made the mistake of confusing my worlds. I had reason to believe that hard-boiled business rules did not apply in this world of the Church. I felt that, under the circumstances, rules and by-laws should be less important to churches than doing the job that seemed necessary.

Constantly trying to improve the lot of all concerned, I embarked on a plan with some new angles. I asked: *Who are the best ministers? How should we gauge a minister's ability?* Was it a fine front church-door hand-shaking manner, masterful oratory, pastoral visits and work, sociability, or what? The ability to win new members to the church through confession of faith seemed to be a good gauge. A minister who could get fifty or a hundred new members a year must have some power. This would show an all-round capability—industry, evangelism, and character.

"DUN AND BRADSTREET"

I succeeded in getting a booklet published by the Commission on Evangelism called "Churches of Distinction." It was a sort of human anthology—the "Best Ministers of 1932-1936." It proved to be an interesting and illuminating compilation. Little-known ministers found their names at the top. Their batting averages were terrific; a whole page of them showed an average of 238. One minister received 484 new members on confession of faith, while ministers of thousands of "zero" churches got none at all! Even allowing for differences in locality, it still was astounding. I analyzed these figures and came to the conclusion that may seem strange in some ways. I found that the so-called "prima donnas" of the leading denominations stood low on the list. Those high in the list were seldom invited to share in state and national councils. I urged that the new national officials be selected from churches that were doing the best work.

A thought had been planted. If these compilations were published—a sort of a Dun and Bradstreet—the ministers everywhere would have an additional incentive to make good records. Possibly some of the ministers in the zero churches would make an effort to negotiate the step from anonymity to the roster of the living. A very stimulating series of booklets it could be; *but instead, the entire campaign was squashed* and I was officially told that I was a mere figurehead to make addresses *when invited,* but without any power to speak for the church. I began to feel that my efforts were ending in failure. Yet, I was constantly being urged by laymen to keep on, to continue the crusade I had started.

In this spirit I tackled two matters which, I admit, were no business of mine. Many laymen urged me to make a study: (1) of the missionary boards, and (2) of the theological schools. Against my inclination, I started these investigations. In neither did I get very far. Again my efforts were represented as "meddling." These matters I was told were not within the scope of the Moderator's office. Frankly I admitted failure. Thereafter even the inside pages and all advertising pages in the church magazines were closed to the Moderator. In the November, 1937, number of *Advance* the editorial management stated its position: No more "messages" would be accepted from Mr. Babson. The stone wall had become more than a barrier; it had become articulate.

MINISTERS' SALARIES

In the previous December I had written to the Executive Committee of the General Council asking for certain facts and figures, the possession of which I felt would enable me to pursue a plan to increase salaries of ministers. This request was refused. Early in May, 1938, I followed up this first request by writing to the Treasurer of the General Council of Congregational-Christian Churches for certain information which I thought might be useful to forward his campaign, and again I was refused. Every door was locked and bolted against me.

The days of my stormy term of Moderator were fast running out. It had been a losing struggle all the way. Only a few weeks remained before the biennial meeting of the General Council at Beloit, Wisconsin, when I would step out of office. However, there was something yet I very much wanted to say—to everybody concerned. I wished everyone of the 40,000,000 members of the Protestant Church could read or hear it. When once said, I could rest my case. It was intolerable that I should go this far and stop without further explanation.

Then on Saturday morning, May 7, 1938, something happened. I was called at my office on long distance telephone from a station outside of New York City. The caller announced his identity. He spoke of my appeals and said that they had aroused the ire of all officials at headquarters, who demanded my resignation. This was accompanied by a serious personal threat; To this, of course, I paid no attention, but stated I would reply at Dedham, Massachusetts, where I was soon to speak.

THE DEDHAM EPISODE

I should like to include a report of the famous meeting at Dedham, Massachusetts, May 17, 1938, but space forbids. However, I must include the three recommendations which I made at that meeting. For complete details, I refer to the book: *Good Man Gone Wrong*, published by the Central Publishing Co., of Richmond, Va., from which book I have taken much of this chapter.

The following quoted excerpts give the gist of my Dedham address:

> I am sorry for the ministers who may have been subject to unfair treatment. You, however, need not be sorry for me. I want nothing; my clients and friends know me and trust me. I am appealing to you this morning, not to consider me, but rather to consider a very important question of policy.
>
> The Church started nearly 2,000 years ago. Most denominations have been accustomed to centralized authority from their conception. Large funds and much property have been accumulated, more and more people have been employed, and

various Commissions, Committees, etc. have been organized. This latter expansion has resulted in building up a dangerous bureaucracy in all denominations. My studies show that most of those in charge of the national affairs of all church denominations are at the bottom of the list so far as actual results are concerned in their own churches. Very few of the ministers, priests, or rabbis, who are securing the best results in their own churches are on the higher Boards of National Affairs.

Hence, my Recommendation No. 1: These higher Boards should be strengthened by adding the men and women who are actually accomplishing things in the denominations. Denominational "prima donnas" are almost all at the bottom of the list of those who have secured results, while the burden of new church membership is being carried by men of whom you have never heard.

Recommendation No. 2: During my travels and work with ministers, I have been greatly moved by their earnestness and devotion. Under most severe economic conditions they are struggling at great personal sacrifice. When I discussed this with Bishops and other "higher-ups," I was given to understand that "if ministers, priests and rabbis are poorly paid, it is because they are poorly doing their work . . ." I, therefore, urge a campaign to help these men and thereby make their work more efficient. I insist, however, that while we "pepper" these ministers with booklets, let us say a few words to the laymen on the question of salaries. Hence, I am recommending that we put a ceiling on salaries of the "higher-ups"—not exceeding three times the average paid to the ministers, priests and rabbis, and do something to raise the pay of the latter.

Recommendation No. 3: This is in connection with the official church paper of each denomination: We should insist that a denominational paper, for which the churches are making up the deficit, be used to serve the churches. A denominational paper should be published to help pastors build up their churches. It should be a magazine which pastors will voluntarily strive to get into the homes of their memberships in helping them to save souls, fight liquor, and develop church attendance.

Recommendation No. 4: National headquarters officials and secretaries should be told in clean-cut language that denominational politics, gossip, threats, and similar tactics should be cut out. What can we laymen do? We can appoint a fair-minded committee of laymen which would study immediately this whole question. I favor foreign missions and home missions and all forms of evangelistic work. I do not sympathize with any church which uses the mistakes of others as an alibi for not giving more money. Protestants should give much more money to foreign missions, home missions, and other denominational affairs than we give today. On the other hand, there is no need of us sending this money through New York or any other large city. We could ask headquarters for their recommendations as to where we should send our money so as to prevent duplication and then send it direct.

The only result was that the audience hissed me at that famous Dedham meeting. After it was over, I went out and got into my car, slumping down into the seat beside my chauffeur. What had I done? Was it good or bad—or just futile? Would anything be done about it? Had I sown any seeds, and had there been anyone there who could nurture them? My car slid along the black, curving roads, coming in sight of the Babson buildings at Wellesley, on great sweeps of green lawn. The air smelled of lilac and apple blossoms. This was real, tangible, definite—buildings planned for a purpose—buildings and more buildings—that I had planned and built.

Why had I been unable to inaugurate and develop for the Church things comparable with this creation for educational work? Why, when I was willing to place myself at their disposal, had the executives of the Church not seen fit to work with me as I had hoped? I knew some of the answers, but not all. Perhaps it would have to be a case of stumbling along in a welter of trials and errors and wounded sensibilities, until ways were found. I don't know!

Reports of this meeting were printed in newspapers throughout the country. The letters that came to me seemed strangely unanimous. The bulk of them were from ministers, some in retirement, but more in active service. Many of them showed that hearty approval which usually goes with a slap on the back and that old Yankee expression "Go to it!" But an amazing number closed with these four words: "This communication is confidential."

ABOUT CONVENTIONS

Right here, let me stop for a moment and ask: *Why this demand for strict confidence?* In God's name, is there any man more entitled to speak his convictions than a minister? What does he fear? Is it some sort of reprisal, or just a desire to play safe, from a conviction that speaking out of turn often brings trouble? Ministers have to put up with a great deal, and one of the things they have learned is that no harm will come to them if they keep their mouths shut. In these days of cruelty and harshness it is decidedly politic to keep silent, especially just before church conventions!

Conventions are not the strictly spiritual affairs that the folk back home think they are. Church-goers, with ninety per cent of their attention geared to the vital problems of living, delegate somebody else to do their delegating for them. Ministers and a few laymen are picked to attend to these matters. The individual church, at present, has a tremendous stake, but only an infinitesimal voice, in deciding any change that may affect it. Conventions, religious or otherwise, are not the spontaneous things they appear to be. If they were, they would take six weeks—not three days or a week. They are carefully arranged from start to finish. Out in front is the audience, applauding with their censored voices. But behind the scenes are the playwrights, skilled actors, and stage managers. This is a cancer which is eating into the vitals of church, of education, and even of democracy itself.

END OF THE JOURNEY

My final address was in June, 1938, when my successor was elected at Beloit, Wisconsin. It was a sad day for me. Quietly, when they could not be seen, many came with words of praise or sympathy; but no one dared to back me or hardly to speak to me in public. I was a lonesome man. The subject of this address was *The 20th Century Religious Revolt.* A lot of water—flood water at that—had passed under the bridge since *Foundations vs. Paint, Plastering and Furniture,* but two short years before. The speech began by citing six major revolts in the history of Protestantism, the sixth being the Present Revolt. Said I:

> This sixth revolt is freeing the Church from certain encumbrances that have curtailed its progress in recent years, but it has certain grave dangers. Liberalism can sap the spiritual vitality of both ministers and churches. Evangelism has been almost lost, held as old-fashioned and crude. The sinner has been white-washed and given assurance that he can outgrow his animal complexes without special grace from God. The importance of Christ has been minimized by casting aside the atonement. People have been relieved from fear of the future by explaining away heaven and hell.
>
> It is not easy for the church officials and secretaries to realize how the whole outlook has changed and what effect it has had upon the more intelligent youth. Destruction of the old foundations in religion, in social matters, and in politics is alarming. We have come to a time in history when the right of an individual to think and act as he pleases is being carried to an extreme. The restraints of home, church, and moral standards are held in too light esteem. The judgments of history are thrown on the scrap heap as of little value.
>
> Old and young are questioning the validity of the principles on which church institutions, business organizations, and even democracy, have been built. Reforms are being attempted by legislative appropriations and paid officials, leaving God entirely out of the picture. Yet history clearly teaches that progress comes only as men are "born again" with changed hearts. America must soon choose between Christ and chaos.

Then followed a list of changes which, I hoped, the revolt might bring about:

1. Keeping church rolls active by asking for a reaffirmation of membership every September.
2. Raising the standards of membership so that being a churchman would mean more.
3. Reorganizing our Sunday Schools; using modern "Digests of the Bible" and requiring the memorizing of great truths.
4. Keeping our churches open more, with shorter but frequent services.
5. Urging a return to evangelism and the importance of being "born again."
6. Presenting stewardship as a form of worship, and as a means of saving the giver's soul rather than for supporting some "cause."
7. Becoming interested in "social action"; but being sure that the social secretaries are sound in their economies and judgment.
8. Getting the churches out of all forms of commercial business, including publishing, insurance, and banking.
9. Working for church unity, by insisting that missionary and certain other proj-

ects now carried on by independent denominational commissions be turned over to inter-denominational bodies.

10. Giving more time to helping people who are ill, unemployed, or worried. This means that ministers should see more people, and that laymen must give more active assistance through the "Open Church."

The address was apparently received with relief. I stepped down out of office. Two years of struggle, beginning with bafflement, followed by storm and fury, ended with a forecast that a revolt is in the offing. I had come in a spirit of peace, to lay down my troublesome burden; but I went home full of disappointment. Still there was a sort of comfort. Through the windows of the rushing train I could glimpse towering white church spires in every village, town, and city. Men in unity had put them there; men at temporary cross-purposes could not take them away. It was a comfort to feel that the spires were there to stay.

I sincerely hope that no reader of this book will be tempted to neglect his local church because of my experiences. Individual churches are the hope of the world. Everyone interested in a truly better world should be a member of some church and take an active part in its work. Whether or not it is wise to encourage large national church organizations, I leave to the decision of each reader. Personally, I believe they are dangerous to the nation's welfare; but I may be wrong. Of one thing, however, I am certain! The great spiritual awakening which some day will be witnessed is not coming in on "big wheels," so to speak. True spiritual life develops through humbleness, sacrifice, and small groups from the "grass roots" up, and not in conjunction with wealth, organization, and bigness.

Chapter XXXI

FIGHTING FOR AN OPEN CHURCH

I AM convinced that this is a fact: There is a vital interrelationship between *sane religion* and *national prosperity. If a nation lacks one, it eventually loses the other.* I further believe that the Church, with its centuries of background, holds the key both to sane religion and national prosperity. Unfortunately these church keys are usually in a janitor's pants' pockets and the churches are locked and bolted. This was especially brought home to me while serving as National Moderator of the 5,000 churches which were under my care for two years.

When I make the above statements, many good people retort, "So you are interested in the Church in order to make for more *prosperity*. You should be ashamed to mix religion and business in any such way." I admit that this is one reason for my interest in the Church, although I also insist that sane religion provides that this prosperity should be fairly distributed and enjoyed by all who do their part to bring it about.

The above explains my desire to include this chapter in my autobiography. I further hope by so doing to get the co-operation of all readers. I would work just as hard for "Open Churches" if I had no business interests or clients. I believe, however, that through such church and civic work I am also rendering my clients an important service. Such an effort is not a distraction from *Babson's Reports*; it is work on the very foundation thereof.

ANSWER THIS QUESTION

Have you ever tried to open the front door of a Protestant church any day other than Sunday between the hours of 6:00 A.M. and 6:00 P.M.? In the case of most churches only a burglar could succeed. They are locked with Yale locks! They seem to say, "Keep out! This means you!" Or rather, "Too late! Be back next Sunday." There are notable exceptions, of course. Some of the large city churches of all denominations are open most of the time. The Catholic churches are always open. But so many of the Protestant churches have the habit of keeping closed most of the week that it can be put down as a universal custom. All the saloons fight to keep open longer hours; yet the churches like to keep open only shorter hours!

The inside of a church has definite curative and spiritual values. There is no other interior like it. When empty it is, for many people, at its best. At such times one need not be bothered by the sound of the minister's voice, by the hat which Mrs. Wilson is wearing, by the soprano trying to reach a prohibitive "high C," or by the fact that Deacon Jones has got a sniffly cold. To sit in the quiet church brings peace and rest to one's heart and mind.

These were the basic reasons for the venture which started at the Wellesley Hills Church and which this chapter describes. Instead of working from the top down, however, I elected, after my experiences as Moderator, to work from the bottom up. Instead of trying to spread over a country-wide area, I returned to my one local church. The program was successful from the beginning.

OPEN CHURCH MOVEMENT

The story of this movement is interesting. It goes back a good many years to the time when I was involved in the difficulties mentioned in the foregoing chapter. It refers to one of my suggestions when I was National Moderator. This experiment worked and has since spread to thousands of other churches. Here is what is now being done in these churches. The minister announces every Sunday, through the church calendar, that the church will be open all day—every day—for private worship; also that from 3 to 4 P.M. and from 8 to 9 P.M. each day some layman or laywoman who can be trusted will be present for friendly conference if desired. This latter work is carried on by a "Committee of Thirty." The minister states that the Church is anxious to try to tell those with troubles where they can secure help—physical, economic, and spiritual. It is not intended that the Church run a relief station or pass out old clothes or give jobs. It is interested in something more, namely to help and advise in a practical as well as in a Christian spirit. As Jesus came to help the afflicted in mind as well as body, it seems the proper thing for the Church to follow this example, especially in days when the need thereof is great. This is, however, no original thought.

I therefore first believed it would be necessary only to propose this "Open Church" and the preachers would be eager to try it. To my surprise, all to whom I proposed it, during my term as Moderator, shied away from it. Although I agreed to back the movement every way, they seemed paralyzed at the thought of going into it. They were willing to preach sermons about helping a vague and generalized "afflicted class," but they seemed to fear opening their own doors for the experiment. After retiring from the moderatorship, I presented the plan to the lay members of the Wellesley Hills Church who, under the guidance of the minister, Rev. Carl M. Gates, got it started. Various members of the church gladly gave their time on certain days, and on every day the church was open all day. The few who have called have been amply rewarded.

The National Mental Health Foundation, 1520 Race Street, Philadelphia, reports that: "Mental illness is a great and growing national tragedy. Mental patients now occupy nearly half the hospital beds in the United States. One person in every twenty will spend part of his life in a hospital for the mentally ill. More than 8,000,000 Americans are usually suffering from some form of mental or nervous disorder." The Open Church movement may develop into one solution of such troubles. It surely serves as a real help just by enabling people to talk over their troubles and dreams with those who can be trusted. It especially appeals to young people who are wondering about themselves and their future.

The "Open Church" presents advantages also to those who keep the church open. Since, as a rule, there are many days without visitors, the "doorkeeper" has an hour for Bible reading and meditation by himself or herself. If, however, someone does enter for individual worship, general discussion, or emergency aid, a friendship is often started which may have far-reaching results. But here is one point: if the church is to be kept open year in and year out, it must be by those who have been helped thereby. Faithful laymen and laywomen are willing to start such a work; but they are apt to get tired—especially if after giving their time they have no callers. Hence when a visitor to the "Open Church" receives substantial help and is truly grateful, he or she is asked to "pass it along" by keeping the church open for others. It may be true, therefore, that this "Open Church" movement may grow slowly until it raises a new generation of people made up of those whom it has helped.

OUR GREATEST ASSET

The most wonderful of all machines is the human brain. Every reader possesses one of these marvelous machines. With its proper use each of us has unbelievable potentialities. This is what Jesus may have had in mind when he told his disciples that they could even "remove mountains." Our great trouble is that we were never trained to operate and control this intricate and powerful engine. Most people do not know how to start it or stop it—not to mention how to direct it. They are unable to steer it and keep it on the road, or on the beam, so to speak. To teach this should be the goal of schools, churches, and homes. But first there must be an appreciation of the possibilities of the brain, and a desire by students for the realization of such possibilities.

It may be that one purpose of prayer is to help people concentrate and control their thoughts. Otherwise, what does the Bible mean when it says: "Continue constant in prayer," "Pray without ceasing." Earnest prayer is the best agency for keeping one's mind on a desired goal. It was the method used by the old priests throughout past centuries to teach poeple to concentrate. With all of the increase in present-day distractions, the power to concentrate is now needed more than ever. Prayer, meditation, and concentration may be synonymous. It is, however, certain that the acquirement of these habits and powers is the first requirement in the constructive use of our brains.

The best place to practice such exercises is in the quietness of a church. One basic reason, therefore, for my interest in the "Open Church" movement is to help people to concentrate on something constructive until they learn the answer and get the necessary self-control. What the atmosphere of the laboratory is to the inventor and researcher, so the atmosphere of the church is to the tired mother and worried business man.

WHY DON'T MORE PEOPLE ATTEND CHURCH?

"Why don't more people go to church?" we might discuss here! The answer, "They don't go because they don't want to and don't have to" is definite enough, but without detail. Ministers have broken their hearts over this question. Ardent church people have wept, scolded, found fault, and worn their brains out over it. A million thinkers have told why. The optimists say it will all work out satisfactorily in the end; while the pessimists say that our churches are doomed. It would seem logical that those who are "in" have less exact knowledge of the real answers than those who are "out." The people who give all the opinions and critiques are ministers or church experts. Those who are staying away know the answer—at least their own answer. Unless these answers are examined, the discussion will remain more or less theoretical.

One thing is certain, that the Protestant religion cannot be shoved down anybody's throat. It has no actual authority over anybody; it can be taken or left. Protestants no longer believe they are going to Hell or will lose social standing if they do not attend church. This is the weak point in the armor or armament of those who have the responsibility of the Protestant Church in their keeping. The great body of acquiescent benighted have a lot of reasons, according to my friend, H. I. Shumway, to whom I owe much of this chapter.

> They do not believe that routine prayer is answered. They wrongly pray for relief from something or for the acquisition of something, get no answer and consequently disbelieve in the whole thing.
>
> They doubt the existence of a good God in a world that tortures them without any apparent reason. They know what a personal father is like and they cannot conceive of a Heavenly Father treating them the way they are treated.
>
> The Church does not give what the "stayer-away" wants. Perhaps it is not in him to want it, but he does not know that. If he were convinced, he would go to church. Nobody convinces him, so he stays away.

He thinks he can be just as good a man out of the Church as in it. His reason: The presence of others inside who, he knows, are not as decent or good as he thinks he is.

Men like "powerful" sermons. They dislike abstract or literary effusions. Three or four of these in a row will anchor a layman to his own fireside for a long and indefinite time.

Often when a new resident sticks his head into a church, we go to work on him too untactfully. He must join this or that club or group; his wife must bake cakes for the suppers and teas; both of them must contribute to the "apportionment"—whatever that means. Perhaps overtired and troubled, he decides it is easier to drop the whole thing than to keep on refusing.

He sends his children to Sunday School and finds Junior is working with wax crayons and Sister is singing popular songs with teacher-written lyrics. Junior and Sister already have the arts in day school and various clubs for singing and campcraft. The Bible still is a "good Book" to him.

The stayer-away does not admire a minister with his ear to the ground. He rather wishes it attuned to Heaven instead. The politicians must do this, but why should the minister be "ward and precinct" minded? Your stayer-away knows an independent and kindly man when he sees one; the other kind could not win a soul in a year of trying.

These are only samples of the many things which undermine the stability of a community and encourage a "boom or bust" economy. They may seem foolish and unfounded, but they are excuses which an "Open Church" group hears when they hold conferences at a church for the interchange of ideas and problems.

NOT AN EMPLOYMENT AGENCY

There is no attempt to operate an employment agency or a health clinic, nor to supersede any established aids. Through simple means, however, the plan does furnish a place where, twice a day, *every day in the week,* any individual, rich or poor, well or sick, happy or unhappy, employed or unemployed, married or divorced, calm or disturbed and overworked may come and find a sympathetic individual with whom to talk privately. *Or, perhaps he or she may not want even to talk, but to sit quietly in the church alone with God.*

Perhaps very few may enter any "Open Church" during its early years. Any such innovation requires much time and prayer to win confidence. As a first step we want only to keep the church open and be ready to receive graciously any who do call. *This "keeping open" is far more important than whether or not our invitations are accepted.* The "Open Church" will succeed or fail according to whether the laymen who "keep it open" have the courage to talk real religion. You ask, "What do you mean by religion?" Here is my answer: *"God wants all to have equal opportunities. Hence, He sends rain upon the just and the unjust. But God promises food, clothing, and shelter* *only to those who obey His laws. The Church is weak because—like the politicians—it has lacked the courage to tell people the cold hard facts. Most people, in order to secure employment or health, need only to change their beliefs, habits, and attitude toward God and their neighbors.*

Yet most laymen and even ministers appear to be unwilling to tell people the above truth. Why? I cannot understand, but I am fast coming to the conclusion that as a first step to performing its real purpose, the Church must get out of its inferiority complex and again militantly go out to save people from sin, mistakes, and bad judgment.

NATIONAL ASSOCIATION FORMED

This experiment, first tried in Wellesley, brought inquiries from many localities. As a result, a National Association was founded in August, 1942, with headquarters at Gloucester, Mass. The Association is incorporated under the Charitable Laws of Massachusetts and is not operated for profit.

The National Open Church Association believes in doing everything possible to increase attendance at the regular Sunday and other church services. Surely church attendance is one of the barometers of an active church and happy community.[1] On the other hand, no minister should be criticised merely because he has only a few people at the Sunday services. Not only has he today much more competition than his predecessors had, but communities have changed greatly. There are many more demands upon everyone's time on Sundays. If, however, the individual really desires to use a few minutes, from a busy day, for the purpose of meditation he can, almost without exception, find the time in which to do so. *An open church is an invitation to private worship*, and each minister should, in part, be credited for his success in this promotion of private worship.

Are not we all putting too great emphasis upon size, numbers, and volume? Whether we attend a Chamber of Commerce meeting or a Missionary Convention, there is too much talk regarding numbers, money, and similar material factors. We are forgetting the lesson taught by Jesus in the parable of the "Lost Sheep" as told in Matthew, 18th Chapter, verses 10 to 14. This suggests that the Church should give much more time to individuals and to helping specific cases than to getting a crowd out to church services or even to Sunday School. Religion will constantly become more a personal matter—between an individual and his God—and less an institutional affair with highly organized church denominations.

Hungry souls should not need to wait for a Sunday service at a specific hour. Instead, the church building should be open all day, every day, so that such a person can enter alone and in the silence of the church open his or her heart to God. By encouraging such individual worship, with only one person visiting the church each day, a minister may accomplish much. Then there will be more sermons based upon the text of Isaiah 30:15: "For thus saith the Lord God . . . in returning and rest shall ye be saved; in quietness and in confidence shall be your strength." Let the minister be happy with an *average* attendance of one person each day provided that person is penitent and humbly seeks forgiveness, guidance, and comfort. To accomplish this our Association urges only the better use of existing church facilities. The program, however, does require a new point of view by the church officers, namely, that the Church work more with individuals as do successful physicians and lawyers, rather than with the mass. It requires that church members cease judging their pastors by the *number* attending the Sunday Church services.

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[1] For a helpful book on church attendance, see *Report of Commission on Church Attendance*, published at $1.50 postpaid by Fleming H. Revell Co., 158 Fifth Avenue, N. Y.

Most of our "Open Churches" have the above-mentioned Committee of Thirty which is responsible for the conference work. In such churches the lay attendant stays in an adjoining room, never speaking unless approached but ready to help if the caller wants to talk with someone. This room is so located that a caller can enter and leave the church without being seen and yet is informed by appropriate signs that a friend would be glad to listen to him and his needs if desired. This method insures callers at the church that they will not be questioned or stared at, and yet gives them easy access to someone to talk with if specific help is desired. E. Stanley Jones says: "A doctor must train . . . spiritually as well as physically . . . Fifty percent of sick persons need *prayer* more than *pills, aspiration* more than *aspirin, meditation* more than *medication*."

LOCAL CHURCH COUNCILS

It is not necessary to have someone at the church every afternoon and evening, certainly not as watchman. Any possible loss or destruction can be insured against by paying a small annual premium. On the other hand, it is well to have a telephone at the church unless the church adjoins the parsonage. This telephone should be in the church vestibule with a card giving the minister's address, and telephone number, with a hearty invitation to telephone him for an appointment. With this system the minister will probably not be telephoned by a stray caller more than once a week; but no needy case fails to find him.

Some ministers have also formed an Open Church Council made up of men and women in different fields of work. Such a council would include a lawyer, doctor, dentist, banker, city official, merchant, teacher, artist, and writer as well as practical mothers and fathers. The minister might not call upon some of these more than once or twice a year; but they would be available to give free expert advice in connection with specific cases. In fact, the layman keeping the church open could feel free to send to one of the counsellors a person who needs special advice in connection with some confidential personal matter. There would be no expense to such an interview as almost every church has the needed available specialists.

Some churches carry a small weekly newspaper advertisement inviting people to visit the church alone, by themselves, some afternoon or evening. Reference to the church being open should, of course, be made in the church calendar each week. Otherwise, the minister should include such reference each Sunday with the church notices read from the pulpit—always emphasizing that he will be happy even if there is only one caller during the week. All notices, including the invitation card in the vestibule, should encourage the random reading of some of the "Responsive Readings" in the hymn or prayer books found in the pew racks. These gems of the ages are a mine of resources with great possibilities. The Open Church Association urges only the greater use of existing church property and funds. It further strives to accomplish this without increasing competition between present church denominations.

OPEN CHURCH GOALS

The 250,000 churches in the United States have $5,000,000,000 of real estate and over $2,500,000,000 of endowments; in addition they enjoy annual gifts of about $500,000,000. Yet these 250,000 churches with all their billions of money are, on the average, open only 8 hours a week out of the 168 hours, *or only 5 per cent of the time. Today the need is not for more churches or for larger churches; but for a greater use of the present church structures and their ministers, priests, rabbis, and voluntary workers.* The Open Church Association is striving to increase the nation's hours of thankfulness and thoughtful meditation, anywhere and everywhere, but especially in the thousands of little-used church edifices. The need exists, the churches and opportunities exist. Our efforts should be directed to getting these three factors *together* and *working.* The aim is to have everyone, who is physically able, enter some church sometime every week to render thanks to God for his blessings. Every person has something for which to be thankful.

Young people especially are now claiming that true Christianity *in its very nature* is personal. They believe that Jesus was a pure individualist, anxious that each follower should, both in the tabernacle and on the mountain side, worship God as his own conscience dictates. Older people also are unconsciously becoming religious individualists. To help the Church hold all these people is another goal of the "Open Church" movement; *it encourages the Church to serve the individual apart from regular church services as well as at them.*

I have even come to believe that the best missionary work which I can do is to *tell another* of the help which comes from genuine meditation. This word-of-mouth testimony requires neither money nor organization; yet it is tremendously effective. "Open Church" goals, therefore, include much more than keeping the physical doors of the churches open. They include emphasizing that the Church belongs at all times to all persons, whatever their race, position, or creed. They are especially interested in people helping themselves through helping others. Certainly a church is not a club or place of entertainment; but rather a place to encourage justice and mercy, both of which are necessary to insure a stable prosperity. We can be interested in the churches without trying to make Protestants or Catholics or Hebrews of others.

AN APPEAL

As I look over my various activities—other than serving the clients of *Babson's Reports*—I feel that this "Open Church" movement, which started in 1938, has perhaps the greatest possibilities for good. It is strictly interdenominational. It requires no more church buildings nor greater operating expenses, except perhaps for heat and janitorial care. It operates with voluntary workers who themselves benefit from the work, and it helps the priests, rabbis, and ministers in their regular services. It encourages the only foundation for full employment, just distribution, and stable investments. I sincerely hope my grandchildren and other friends will enlarge the work as years go on. I am especially hopeful that Gloucester people will take an active interest in keeping the national headquarters at the home where I was born. Furthermore, I trust that every reader of this story will see that his or her church is open all day—every day!

Chapter XXXII

CAMPAIGN FOR THE PRESIDENCY

IT WAS the 8th day of May, 1940. The location, the La Salle Hotel, Chicago. The convention was in the ballroom, which was decorated for the occasion. The seats were filled with delegates from all sections of the country. They were divided into forty-eight groups to correspond with the forty-eight states. Each group had its banner, designating the state from which it came. It was rumored that a very different platform would be presented. Considerable anxiety existed as to how this platform would be received. Each session of the convention opened with a prayer, and one or more hymns.

The proposed platform was much broader than any ever offered before and it was offered with fear and trembling. Instead of presenting liquor as the nation's only evil, it was classed as only one of many. The platform also plainly stated that legislation against these evils would not, in itself, be sufficient. This new platform, as adopted by the platform committee, was reported to the convention. Its reading was preceded by earnest prayer. Many a silent prayer also went up to the Almighty while it was being discussed. One by one, proposed amendments were voted down. Finally, with bated breath on the part of the delegates, votes were taken on the new platform as originally submitted. It was adopted unanimously, after which the delegates sang "Blest Be the Tie That Binds."

Clients and friends may wonder why I relate these details, but after reading the chapter, the answer will be evident. It explains why I put so much time and money into a hopeless campaign. The new platform as adopted read as follows:

1940 NATIONAL PLATFORM

We, the representatives of the National Prohibition Party, in convention assembled at Chicago, May 9, 1940, recognizing Almighty God as the source of all good government, make the following declaration of principles and purposes:

1. MORAL ISSUES

We realize that permanent progress does not come merely by prohibiting certain things, but that the prohibition of what is evil must go hand in hand with the promotion of what is good. When certain evils which are undermining character stand in the way of such promotion, they should be prohibited. Among these evils we name especially the liquor traffic, harmful narcotics, commercialized gambling, indecent publications, debasing moving pictures, and the block booking thereof, deceptive radio broadcasting, political graft, and injustices of all kinds. We commend the work of those combating these and other evils.

2. ECONOMIC AND OTHER ISSUES

We are vitally interested in and pledge ourselves to enact measures for the purposes of purifying government, reducing debt and taxation, conserving natural resources both human and material, aiding farmers who occupy and till the soil, encouraging employers engaged in honest and useful business, assuring workers and consumers a fair share of industry's products and profits, preventing unfit persons or unfair goods entering this country, but applying to all nations equitable immigration and tariff policies, endeavoring to avoid war by maintaining friendly relations and providing adequate defense, assuring proper aid to the worthy youth and aged, and securing tolerance to all, while insisting that governmental changes be made only in accordance with existing constitutional methods.

3. NEED OF SPIRITUAL AWAKENING

We believe that to accomplish these and other worthy ends there must be a change in the purposes, motives, and lives of our people. Such a spiritual awakening requires both encouraging churches and freeing schools and other forces of education from politics. The development of character—integrity, self-control, initiative, a desire to be of service, and a willingness to make sacrifices—must be the first aim of parents and teachers. Such a change in the hearts of employers, wage workers, and consumers would so develop confidence as to protect real estate values, eliminate unemployment, and assure equal opportunities to all. We, therefore, especially pledge ourselves to better and more useful public schools, and the teaching therein of fundamental moral precepts.

4. A COALITION PARTY

While both of the major political parties are performing useful service in emphasizing different needs, yet entangling alliances with corrupt interests make it difficult for these parties to take a definite stand on moral issues, even though these issues today are fundamental in solving our nation's problems. Therefore, there must be a union of church people and others who stand first for righteousness, into a Third Party. The New Prohibition Party serves such a purpose.

5. CONCLUSION

We, the members of this Party, are the one political group which has learned from sad experience that legislation alone—whether Old Deal or New Deal—is insufficient. We know that the solution of all problems, from liquor to unemployment, depends upon character, and the election to power of a political party committed to these principles. To this end we invite the cooperation and the votes of like-minded men and women.

On the morning of the final day of the convention, great excitement prevailed. During the night, the hall had been redecorated, every delegate came in with a balloon or a colored banner. They all had their badges, and certain states had other decorations. After an opening prayer and hymn, there was music by a choir from Gordon College. Chairman Blake introduced some of the prominent personages at the convention.

MY ACCEPTANCE SPEECH

Finally came the time for the nomination for President. Starting with Alabama, each state in turn was asked to designate the candidate which it desired. Thereupon, the name of the state was recorded by the Secretary, together with the number of votes which the respective state represented. When the votes were counted, they were unanimously in favor of "Roger W. Babson of Massachusetts." Upon the announcement of this vote, pandemonium broke loose. I have made hundreds of speeches and received many great ovations, but never before were tears brought to my eyes. Moving picture cameras were in operation; reporters were moving about the floor; scores were trying to grasp my hand. My great regret was that my grandchildren and clients were not present to see the event. After everyone was tired out from marching and cheering, the audience settled down and I was escorted to the platform for my acceptance speech, which was as follows:

> We should stand firm on our historic ground of demanding that certain evils should be prohibited. We must vigorously resent criticism of the word "prohibition." It is the basis of law and order. To attempt to run a nation without prohibiting certain evils is absolutely fatal. One of the greatest crimes of the past decade has been the attempt of certain commercial interests to laugh at prohibition and the principles for which it stands. On the other hand, we must not take the position that the liquor evil is the only evil to be eliminated. We should also include commercialized gambling, harmful narcotics, social diseases, cruelty to children, indecent publications, dangerous movies, misleading broadcasting, political graft, vice and injustices of all kinds.
>
> In addition to broadening our platform to take in all ten of these moral issues, we should continue to work for concrete economic and social changes. All platforms of the Prohibition Party have been broad this way, but, for some unexplainable reason, the public looks upon us as a "one-track party" with only one idea. Therefore, we should strongly emphasize our other goals, such as reducing debt and taxation, conserving natural resources both human and material, helping farmers who occupy and till the soil, encouraging employers engaged in honest and useful business, assuring wage workers and consumers a fair share of industry's profits, preventing unfit persons or unfair groups from entering our country, but applying to all nations the same immigration and tariff policies. We should work to keep this country out of war by insisting upon friendly relations, adequate defense, and help for other democracies; upon providing proper aid to the worthy youth and aged, and upon promoting tolerance for all.
>
> It is very important that we should continually emphasize the need of a spiritual awakening. The passing of laws and the electing of certain individuals will accomplish no lasting good unless there is change in the purposes, motives, and lives of the American people. The success of any forward-moving program depends upon the development of character—that is, integrity, industry, initiative, with the desire to be of service and the willingness to make sacrifices. *Our nation must choose between a policy of protecting and training youth against evils or of permitting the weak and unfit to be eliminated. The present system of ignoring the fit and protecting the unfit is biologically unsound and will end in disaster.*

A successful movement must start, not from above, but from below. There must be a coalition of all those interested in putting righteousness before expedience. Although our Party is small, it is made up of God-fearing people who are interested in principles rather than in profits, curatives rather than pain killers. Without criticizing either the Republicans or the Democrats, it is fair to say that both of these parties have entangling alliances which make it almost impossible for them to take a stand on moral issues. The PROHIBITION PARTY, therefore, is in a position to serve as such a Coalition Third Party. I have sometimes felt that the name should be changed to "Church Party."

Among other concrete suggestions, the following appeal to me:

a. Ask public schools to turn out young people prepared to resist temptations, grasp opportunities, and think clearly.
b. Demand that both employers and labor unions giver persons of good character an opportunity to show their worth.
c. Encourage production to expand by getting taxes reduced, eliminating unnecessary regulations, and making it easier, rather than harder, to be an employer or wage worker.
d. Arouse public sentiment to extend the dry areas and to combat commercial interests which undermine character, usefulness, and citizenship.
e. Elect to office men and women who will enact and enforce the above legislation and, in all matters, put right before expediency.

Let us realize that prosperity comes from the resources of our souls and the peace of our lives. Hence, we are working for conditions under which little children may go to sleep unafraid; in which wisdom is to be shared; where strength is to be used to shelter goodness; while love is to make all relationships tender and gracious. Faith and hope are the essence of the Prohibition message. Our platform will not impoverish any, in station or happiness, in order to make the strong stronger and the possessor more proud. Our members gain fullness of life in the fullness of other lives and find peace in the general peace of all.

Today our cause is hard pressed. It appears to be fallen and trampled into the dust by heartless pride, power, and love of gain. It is not easy for me to stand and appeal for what appears to be a hopeless cause. But let us not be discouraged. All that our Party stands for is unconquerable. Temperance exalteth a people; love always outlasts hate; goodness has a persistent power; evil does not and cannot retain its possessions. The wrong, dark, tragic things in life are self-defeating always in the end. A great faith, though it seems cast down to the dust, is more splendid than any doubt. A generous dream is more potent in apparent defeat than the votes of those who mock the dreamer and take him to the cross.

In addition to what I said in the above speech, there was another reason why I accepted this hopeless nomination. I am anxious that all of my clients and friends should understand this reason. *It is that I believe that the hope of Democracy depends upon a complete revision of the requirements for voting. This would mean the prohibition of voting by those unfit to vote. This is a basic need before employment, business, and investments can be stabilized. My hope was that I could swing things so that the word PROHIBITION would refer among other things to the prohibiting of promiscuous voting.*

SIX MONTHS OF HARD WORK

My campaign represented the hardest six months of my life's work. I visited and spoke in over fifty cities, travelling over 10,000 miles between the Atlantic and the Pacific.

As a part of all my addresses I said:

> Because an early American document states that all men are "created equal," does not make it a fact. Different families within the United States have reached different periods of domesticity. Speaking frankly, our nation is like one big farmyard. Roaming over our land are all kinds of human animals, from wildcats and foxes, skunks and pigs, to intelligent dogs and horses. The idea that the same freedom should be given to all is absolutely ridiculous. Wire fences and shotguns are as necessary for good government as for good farming. Hence, the absolute necessity of prohibiting many evils. There is no other way of handling the undomesticated humans which constitute over 10 per cent of our population except with prohibition. Our difficulty may have come from trying to apply the same treatment to all. Democracy, to succeed, may need to recognize these differences in human development. This will ultimately lead to a revision of the voting system if democracy is to insure a stable prosperity.

A handicap which was evident during my trips was the embedded idea that the Prohibition Party had not been progressive. This is an absolute untruth. In addition to its agitation of the liquor and other evils, the Prohibition Party has taken an advanced stand on practically every other reform of the past three generations. Many of the more important issues have been tardily adopted by the old parties, and some not at all. The table presented below indicates the position of leadership in progressive politics maintained by my party.

Universal Suffrage	Date of Acceptance	
The Prohibition Party first demanded universal suffrage, basing its claims under the Declaration of Independence.	*Prohibition*	1872
	Republican	1916
	Democratic	1916
Civil Service Reform		
When the principle "to the victors belong the spoils" became the rule in American politics, it demanded the filling of appointive positions under the government on a basis of merit.	*Prohibition*	1872
	Republican	1884
	Democratic	1876
Letter Postage		
It first favored the reduction of letter postage to two cents, and the congressman who introduced the two-cent bill was later a Prohibitionist.	*Prohibition*	1872
	Republican	1888
	Democratic	1892
International Arbitration		
It was the first, and for years the only party, to stand for international arbitration as a means to gain universal peace.	*Prohibition*	1876
	Republican	1904
	Democratic	1916
Lotteries and Gambling		
In 1876, the Prohibition Party declared against lotteries and gambling and favored excluding gambling advertisements and tickets from the United States mails.	*Prohibition*	1876
	Republican	1880
	Democratic	1884

	Date of Acceptance	
Land Grabbers and Speculators It was the first to demand that the free government lands should not be given to monopolies and speculators, but opened only to actual settlers.	*Prohibition*	1876
	Republican	1884
	Democratic	1876
The White Slave Traffic This and commercialized vice has been denounced in every Prohibition platform since 1876.	*Prohibition*	1876
	Republican	1920
	Democratic	1924
Uniform Marriage and Divorce Laws At the present time each state makes its own laws on this subject, and as a result "divorce colonies" and their attendant evils have sprung up.	*Prohibition*	1888
	Republican	———
	Democratic	———
The Income Tax The income tax and the inheritance tax laws, now an important part of our revenue system, were first proposed by the Prohibitionists for equalizing the burdens of taxation.	*Prohibition*	1896
	Republican	1912
	Democratic	1908
The Tariff Commission This idea was taken bodily from an old Prohibition platform, and today is accepted by all authorities.	*Prohibition*	1904
	Republican	1912
	Democratic	1916
Postal Savings Banks This very important branch of public service was first mentioned in a political platform by the Prohibition Party.	*Prohibition*	1908
	Republican	1916
	Democratic	1912
Child Labor Theodore Roosevelt tardily found his anti-child labor planks already framed up and in print years before they became part of his political capital.	*Prohibition*	1908
	Republican	1912
	Democratic	1916
Conservation of Resources In like manner Theodore Roosevelt's doctrine of conservation had long been recognized as an important problem by the Prohibition Party.	*Prohibition*	1908
	Republican	1908
	Democratic	1912
Employers' Liability Acts In demanding the enactment of such acts, the Prohibition Party was again a pioneer.	*Prohibition*	1908
	Republican	1916
	Democratic	1916
Old Age Pensions It is interesting to observe that the first party declaration on old age pensions was made by the Prohibition Party.	*Prohibition*	1916
	Republican	1936
	Democratic	1932
Unemployment Insurances The forethought of Prohibition Party leaders is shown in their declaration on this subject many years ago.	*Prohibition*	1916
	Republican	1936
	Democratic	1928

While on these trips my associate Edgar V. Moorman was actively campaigning throughout the Central West. As he had been a lifelong Democrat and I a Republican, we worked together as a good team. In all addresses I maintained my personal conception of the word *Prohibition* as including the prohibiting of promiscuous voting, based upon the voters' qualifications.

Monday, July 29, 1940, I met the Prohibition National Committee at the La Salle Hotel, Chicago. Among the matters discussed, were the following:

Should the name of the Party be changed?
Should each state be organized by counties?
Should an effort be made to work more closely with the churches?
Should we talk less about liquor and more against "commercialized evils" and advertising of liquor?
What can we do to have the public know that we have a broad and fundamental program?
Will the Party take a firm stand to prohibit the voting by unqualified people?

LESSONS I LEARNED

I was not asking for the re-enactment of "Prohibition" as commonly visualized. I was fighting for the restriction of all commercial evils, *including the liquor industry*, through a revision of voting requirements. Statistics show that only about 10 per cent of the population are now responsible for 94 per cent of the crime, trouble, and waste which come from these commercialized evils. This small percentage who, through ignorance, heredity, greed, or other causes, are undermining our nation must be prohibited from certain things. This, however, does not mean that all people—that is, the other 90 per cent—need be subject to the same restrictions. There should be a halfway zone between putting certain people in jail and giving them freedom to do what they want to do. This result could be obtained by prohibiting certain people, for a certain period of time, from making certain purchases or attending certain places. Such a program should be supplemented by the prohibition of advertising of, or solicitation by, commercialized evils. Both the "buyers" and the "sellers" should be considered equally guilty. Of course, after these people behave themselves for a required length of time, they should be allowed to be transferred from the 10 per cent restricted group to the 90 per cent trusted group.

I am convinced that three changes are ahead. These are: (1) A recognition that continuous struggle is a normal condition and that any attempt to lie back and take things easy is exceedingly dangerous. This means that security comes not through legislation, but through eternal vigilance. (2) A return to religion. This does not mean a return to dogma; but rather, to a recognition of the fundamentals upon which Christianity was founded. (3) A respect for law enforcement and a revision of the voting franchise.

This campaign of 1940 was the first time I had ever run for an elective office. I learned that, for a layman like myself, to do so without any previous experience in politics was a mistake. It was much like going to a big city hospital and saying to the superintendent: "I am a successful statistician and hence ask the privilege of performing an important surgical operation this morning!" Any such request would have labeled me as crazy; and yet my accepting this Presidential nomination was almost as unreasonable! Politics is a profession. For one to succeed in politics, he should train from youth for the work. For a man to wait until he is 65 before making a start is a mistake. However, I made the attempt.

COMMENTS ON UNEMPLOYMENT

Here are the reasons for unemployment which I gave in connection with my addresses:

1. Attitude of families to shirk responsibility for their aged and youth.
2. The fact that the unfit are reproducing more rapidly than the fit.
3. Dispensing of public relief without regard to habits or behavior.
4. Attempted interference by politicians with economic law in order to get votes.
5. Faulty public schools which are offering diplomas rather than training.
6. The effect of liquor, gambling, block-booking, misleading broadcasting, and other forces undermining character.
7. Unnecessary taxes and regulations on legitimate industry as well as unfair government competition.
8. Technological developments, contraction of agricultural frontiers, and changes in public demand.
9. Transfer of management by inheritance into unsound hands.
10. Too concentrated control of natural resources.

An analysis of these ten major reasons will show that only two or three can be remedied by legislation. To correct the others requires a change of motives and purposes by employers, those employed, and consumers. Even the unemployment problem is basically a spiritual problem.

UNEMPLOYMENT CAN BE ELIMINATED

I believe that if the unemployed will do their part to solve their problem, there need be practically no public relief necessary. To speak statistically, of the 10,000,000 unemployed in 1932, 7,500,000 would have been employable if they had been awake to making something of themselves; two thirds of the balance were of families which had taken care of their dependents in the past and which would have taken care of them in the future if the government had not done so. Therefore, I said that the relief problem would solve itself if it were honestly and fearlessly handled. I further stated that if my Party were put in power, both unemployment and relief could largely be eliminated.

When disillusionment will come, no one knows. When it does come, it would not be surprising if both of the present major political parties some day will pass out of the picture, the same as did the great Whig Party and the old Democratic Party in 1850. When this happens there should be some able group to which these millions of disgruntled voters can turn, other than to the Communistic groups.

When addressing the Chamber of Commerce of Salt Lake City, August 7, 1940, I further emphasized my previous statements by saying:

A study of our platform shows that it applies the same principles to economic as well as to moral issues. The platform states that we should help "*certain* farmers," "*useful* employers," "*worthy* youth and aged," and "*friendly* nations." It urges that all policies be determined from a character standpoint. This, moreover, is not a new idea. We now *prohibit* those below a certain age from marrying; we now *prohibit* those of the female sex from working at certain jobs or during certain hours; and we now *prohibit* those lacking a required education from practising medicine, dentistry, and other occupations. The Prohibition Party is merely demanding that—in the interest of all people, the same principle be extended, first concentrating on the 10 per cent to whom I have referred.

I told the people the truth about social and economic problems. I asked that both the unemployed and the employers save themselves through their own self-improvement, moral responsibility, and increased efficiency. I preached that America's hope lies with being willing to make principles, behavior, and habits a requirement for freedom, benefits and government aid. I insisted that Democracy, to be saved, must be purged; not only within the United States, but within other nations as well; that this is far more than a military problem.

MY PERSONAL BELIEFS

For America to be headed along the right path requires that it be guided by spiritually minded leaders; but a new conception of religion may be inevitable. It further will be recognized that much of the talk about the need of keeping Church and State in airtight compartments is not logical. To bring about the necessary changes in democracy, there must be first a return to religion. Otherwise, we are building America on the sands. *A foundation for enduring Democracy must be a spiritually minded nation. This should constantly be emphasized in the schools, the press, the radio and the movies, as in the halls of Congress.*

The above will show itself in many ways: (1) Securing more equal opportunities and impartial justice for all through a revision of the voting franchise; (2) thinking in terms of the group rather than of the individual; (3) recognizing that *both* rewards and punishments are necessary to keep a race virile; (4) working co-operatively with others in all worthy movements, from churches to markets; and (5) crushing the liquor and other evils. These especially apply to the development of foreign trade which, under a short-sighted nationalistic policy, may easily be lost.

When periods of war or deflation come, they should not be ignored as mere accidents. They are normal occurrences due to wrong conditions. Optimistic talk will not cure cancers or broken legs. Epidemics are eliminated only by removing the causes. Economic history plainly teaches that during past periods of prosperity there developed debt, waste, carelessness, and crime. In fact, these agents were the real cause of the disaster which inevitably followed. When men are making money they are more likely to lose their faith, forget their God, and become, more or less, pagans. During such prosperous times the churches are neglected, personal prayers are dropped, and man feels self-sufficient, without the need of Bible, Church, and meditation. These are conditions which America has witnessed many times.

When, however, people are out of employment, when men are making losses, they find material things drifting away. Being unable to control the situation, they look to higher spiritual power. The first move is to stop waste; next, more employers and workers determine to do their very best; and finally, we begin to seek higher sources for aid and guidance. This brings us to a realization of spiritual and intellectural values. When 51 per cent of the people are actuated by the desire to be of real service, conditions begin to improve and prosperity gradually returns.

It will be very difficult to get different races together. Self-interest is too completely *instinctive* to be wiped out by treaties or conquests. To expect the Russians always to take orders from the Americans, or vice versa, is illogical. Neither nation will—for any length of time—bow down to a conqueror. But it is reasonable to expect that both nations can, with self-respect, take their orders from God. This is the only solution to world peace. The League of Nations broke up because its leaders tried to *legislate* instead of to *obey*. *Hence the great need for sound defenses as well as for prosperity is sane religion and a determination to take God's laws as our guide*. Even government bonds need some security behind them besides the printing presses and the power to tax! We need a new conception of Democracy. Consider these three statements:

1. There must be more stringent voting qualifications.

2. The American form of government and our traditional American institutions will cease to exist unless the church people combine their voting power.

3. Without a complete change of character, the major political parties will not get us out of the "slough or despond" into which they themselves have led us.

I believe that the Church is the hope of the world; that the solution of both domestic and international problems awaits a sane, spiritual revival. Hence, we should support the Church, even in its present inadequacy. When caught in a shipwreck, a person does not spurn an old fashioned raft if a modern life boat is not available. A nation must have the best scientists and laboratories as a part of its national defenses, but whether our public schools and state universities, as now set up, are doing more good than harm is debatable. The sixteenth and seventeenth verses of the Second Chapter of Genesis are worthy of careful consideration. We should be taught to think more; but too much free "knowledge" may be dangerous, especially from movies, radio, or magazines.

WHY TEETOTALERS?

A *Teetotaler* is a person who never touches liquor, and this includes beer, wine, and cocktails, except in case of illness or old age, and then only on a doctor's prescription. He is one who refrains from "social drinking" at all times; he does not serve liquor in his home or drink it at parties or dinners. A majority of the people of the United States are teetotalers. They are quiet and unobtrusive; they do not exhibit their virtues, or argue for their principles, but are exceedingly reliable.

Under these conditions many wonder why I received such a small vote when running for the Presidency of the United States in 1940. The answer is: Because 95 per cent of those who refuse liquor do not see the evils of liquor and its habit-forming qualities. They have been free from its evils themselves; they do not associate with or employ people addicted to it; while their home, business, and other duties keep their minds on entirely different matters. In fact, it was interesting, during my campaign, to find that the ardent advocates of prohibition are mostly those persons who have seen the evil effects of liquor on their parents, children, or some other relative.

Let me say a word about habits, a subject which is not sufficiently discussed. Habits are a most important factor of our lives. The only reason why we are alive is because, as tiny babies, we formed the habit of breathing and certain other habits upon which life exists. As we became older we formed the habits of sleeping at night, of eating three meals a day, and of performing other personal actions which keep us in health. There are comparatively few vital things which we think about before doing. Character, health, and happiness are bound up with habits; but bad habits can kill us as easily as good habits can protect us.

In addition to the dangers of habits—especially those that are inherited—there is infinitely more danger in the case of a "habit-forming" habit. This includes the use of drugs and liquors. In other words, after the first social drink, it is harder to resist a second social drink. The more one uses liquor, the more one wants liquor. No man, when taking his first social drink, thought liquor could ever get the better of him to the extent that he could not cut it out whenever he wanted to. This is the reason why the majority of the people in this country are teetotalers. They fear getting the habit and hence let it alone entirely. This also explains why most of the social drinking is by the "smart set," so-called, made up of college youths, society people, those who have inherited money or are living on allowances, or by "down-and-outs" who have lost their self-control or have reached an old age where they need a stimulant to wake them up!

In addition to preaching this simple doctrine during my campaign, I also explained the harmful physiological effects of alcohol. These include not only the gradual destruction of certain organs, but also the fact that whiskey or brandy becomes ineffectual as a medicine in case of sickness to those who use it when they are well. Without doubt, alcohol is a powerful stimulant, and has its uses as well as its abuses. Few teetotalers would refuse to use it on a doctor's prescription in emergencies or for needed vitality when reaching old age. As with any other drug, however, in order to benefit from liquor when needed, one should not use it during normal conditions.

FUNDAMENTAL ECONOMIC LAWS

Many young people at college, as well as their parents, give as an excuse "but everybody does it." Everybody does not indulge in social drinking; not more than half of the population indulges. Let me add that I sometimes even wonder whether our colleges are attracting the strongest of our young people or the weakest? What proportion of our young people go to college in order to become more useful and efficient, and what proportion go because it's the style to go to college, or because their friends go to college? No statistics are available for answering these questions. Also remember that, as a rule, it is only three generations "from shirtsleeves to shirtsleeves." A man born poor and taught to struggle creates a successful business. He is almost always a man of high principles and of good habits. His sons who inherit the business consequently know less of struggle and the necessity of thrift. Careless habits then get into the family life and too often the grandchildren get into trouble. As a result, these grandchildren often lose the business and their children are forced to start over again at the bottom.

During my campaign for the Presidency, I emphasized the need of strengthening our national foundations, especially appealing to youth. More nearly equal opportunities will be brought about only through the self-control of individuals, not through the state control of incomes. Our national character can even be undermined by a topheavy bureaucracy and an unwarranted extravagance on the part of government. Personal habits cannot be changed by mere legislation alone as the Eighteenth Amendment clearly demonstrated. We cannot break economic laws; we can only break ourselves against them. Certainly in the long run there is more to divide only when more is produced. We come out of business depressions only by working harder and longer, not by working less.

There are four laws that even Congress and the Supreme Court cannot change. These are: (1) The law of supply and demand; (2) the law of the survival of the fittest; (3) the law of action and reaction; and (4) the law of justice. Attempting to circumvent these four laws is time wasted. We can make progress only by taking advantage of these four laws, viz: (1) By influencing the desire of people for worthwhile things; (2) by recognizing that the "fittest" are those who develop spiritually and intellectually as well as physically; (3) by preventing business depressions through curbing business booms; and (4) by law enforcement. Life will always be more or less like a horse race. Administration policies are much like trotting horses; their worth cannot be determined by merely walking them in front of the grandstand to be voted upon. Stones will always sink and corks will always float. In fact, laws cannot be made; they can only be discovered.

The solution of the nation's economic problems will come through the development of such qualities as character, intelligence, industry, thrift, and generosity. Instead of wasting money on useless subsidies—whether to industry under a Republican administration or to the unemployed under a Democratic administration—this money should be used to develop the citizenry of the nation, with a few fundamental laws rigidly enforced. Some will say that this is impractical, but I say it is very practical. Remember when the Agricultural Department of the United States Government was first suggested, including the addition of the President's Cabinet of a member to be known as Secretary of Agriculture? People thought it fantastic for the government to attempt to develop a better breed of cattle, sheep, and hogs—to say nothing of improving the yield per acre of wheat, corn, and other products. Yet, after years of discussion, a Secretary of Agriculture was appointed and the work commenced. Instead of a failure, it has been a great success.

Although it may be a difficult task, a Department of Character Training, headed by a Secretary of Character, who would be a member of the President's Cabinet, could accomplish much. He need merely do for men, women, and children what the Secretary of Agriculture has done for cattle, sheep, and hogs!

NEEDED: A FIGHTING CHURCH

An important function of the Church is to fight evil and uphold justice. The sermons of my boyhood were largely based upon the importance of struggle and self-control. Hence, each church member was then expected to fight liquor, gambling, vice, and all other evils. Joining the church in those days was like joining the army. It really meant "going forth to war." We sang "Onward Christian Soldiers" in dead earnest and went forth as crusaders to close the saloons, lock the gambling joints, and banish vice from our city. For a church member to compromise with any commercialized evil was an almost unknown thing then.

One of the great disappointments of my campaign was to find that this fighting spirit of the Church had greatly weakened. I was unable to arouse in church groups a fighting spirit. Whether this is due to their entangling business and social alliances with those connected with these evils or to something else, I do not know. Church members should lead and not follow. We should not imitate others, but we should fearlessly show others how to live and to act. Progress comes only because of a few who are willing to be laughed at and ridiculed. The Church when not persecuted is usually not effective; it then is failing in its purpose.

The total Presidential vote of 1940 was about 50,000,000. It is estimated that 30,000,000 of these were cast by church members. These are persons who had taken an oath "to follow Jesus as one body." Yet the facts indicate that these 30,000,000 divided their votes almost equally between the two major parties. Not only did I receive less than 1 per cent of the great church vote, but in reality the total church vote did not count at all. The following figures relative to the larger denominations illustrate this fact:

	Republican	*Democratic*	*Prohibition, Scattering, and Blanks*
Methodist	49%	49%	2%
Presbyterians	70%	29%	1%
Baptists	35%	63%	2%
Episcopalians	72%	27%	1%
Congregationalists	80%	19%	1%
Lutherans	50%	48%	2%
Catholics	30%	69%	1%
Hebrews	50%	48%	2%
Salvation Army	10%	88%	2%
Miscellaneous	48%	48%	4%

These figures strongly suggest that only when the best elements of the nation unite in some one party will democracy be saved. Practically all the good things that we have in America today, from schools to hospitals, have been born within the Church. Surely the church people are the hope of the world. Prosperity cannot be made by treaties, legislation, or diplomacy. Progress comes only as people's hearts are changed. Therefore we all should back the Church, contributing to it of our time, thought, prayers, and money. In order, however, for the Church to function, its members must unite, at least on Election Day!

Those furthering a movement to raise the standards for voting must expect opposition and persecution. If, however, the discussion is handled honestly and fairly, the result should be beneficial to all. Anyone should be prohibited from voting if he does not pass reasonable tests; but it should be emphasized that new voting lists will be made up every four years so that anyone on the disqualified list will have an opportunity to take another examination and become qualified. This further means that if any voter disqualifies himself during these four years, he will be taken off the list. The qualifications for voting can be raised by almost any group by erecting barriers and requirements which the governing courts will uphold. Thus the individual states have in their hands one hope for saving democracy. These states, however, must use this power intelligently and justly and not with the purpose of persecuting any race, creed, or political theory with which their people do not agree.

PROHIBITING UNWORTHY VOTING

How can a start be made in prohibiting the unworthy from voting? The first step should be to begin with those states where the people can, by petition, initiate legislation. State legislatures already require examinations of their people who desire to practice medicine, dentistry, law, and even barbering. Is it unreasonable that they should require equally severe examinations of those who are to exercise a far more important privilege—that of voting for those who are to govern the nation? The majority of leaders are agreed that a percentage of the people now voting have no business to vote; but these leaders are divided as to how to eliminate this unworthy percentage.

How would such tests be applied? Naturally, they should not have any relation to property, income, sex, race, color, or creed. In order to be fair to all groups, the tests must be passed successfully by the rich as well as by those in the humblest circumstances. These tests would go far in eliminating many of the undesirable elements from the voting lists. This, in itself, would help our cause in fighting commercialized evils because all those so eliminated would be of the groups now controlled by the liquor, gambling, and other vicious interests. I would have these tests cover among other things economic theory as affecting living standards. This is a subject which should appeal to everyone. This would give us a chance to show how living standards are being lowered today through the tremendous waste caused by the liquor traffic, gambling and other gangs, especially by the failure to enforce laws already on the statute books. Information on these subjects would be supplied in textbooks, which should be issued by the Department of Education in Washington. The information would be impartial and scientific.

Of course, this revision of the requirements for voting is complicated; in fact, some six different methods of accomplishing this result have already been offered by authorities on government. These are as follows:

1. That all persons who have not passed successfully an examination on government be prohibited from voting. (a) Those desiring to vote must have been in the United States for 21 years. (b) Those desiring to vote for local officers should submit to a written examination on town, city, and county government. (c) Those desiring to vote on state matters should submit to a written examination on how state governments are operated. (d) Those desiring to vote for federal officials and members of Congress should submit to a thorough examination on federal affairs.
2. That all persons who have been convicted of breaking laws should be pro-

hibited from voting for a certain number of years, according to the act for which they were convicted. This requirement would not eliminate a large percentage, but it would eliminate the worst elements. By some sort of "Hatch Act," which would prohibit such persons from mixing in any way with politics, our elections could be purged from most of the present graft and crookedness.

3. That all persons who do not care enough about their privilege of voting to exercise it regularly should be prohibited from using it whenever it suits their fancy. Some many million qualified voters are too indifferent to vote at important elections. Due to the lack of patriotism of such indifferent voters, elections are often decided by the unintelligent who are controlled by the ward bosses. The privileges of absentee voting should be extended universally; but those who refuse to take regular advantage of their democratic opportunities should be eliminated from the voting lists for a period of time.
4. That those who, either permanently or temporarily, are on public relief should be prohibited from voting while on relief. I have found very little desire to confine the voting franchise to property owners. On the other hand, there is a vast difference between being poor with independence, and being a pauper depending upon the city, county, or state for support.
5. That those who are in the employ of the government, state, or municipality might be prohibited from voting while in such employ. Apparently, in the eyes of the founders of our country, this is a very important requirement. Otherwise they would not have prohibited the residents of the District of Columbia from voting. Now, however, that there are such great numbers of persons in the employ of, or receiving aid from, the government, it may be a very difficult task to extend this restriction to include all office holders.
6. That those who have no family or useful responsibilities might be prohibited from voting. This group could include single persons and those who have no children of their own nor have any adopted children. Some economists feel that only the head of every family should vote: thus again making the family the unit. The theory is that dependents should not vote. The "head" of the family would be the eldest one in the family or the bread-winner of the family, irrespective of sex. Some suggest that each family should be permitted to nominate its own registered voter; but this involves unnecessary complications. A system of having the oldest member vote, however, for him or herself and his wife or husband and for the unmarried children, may have some merit.

GREAT NATIONAL SAVINGS POSSIBLE

If the principle of prohibiting the unworthy from voting was adopted there would be a great reduction in taxation and other present costs. There are both direct and indirect losses incurred under our present system. Most of these are so generally recognized that I need not mention them here. But consider the following which are not so generally taken into account. A tangible cost is the private losses in income due to annual premiums paid for insurance against many actions and reactions. This includes burglary, robbery, forgeries, auto thefts, and all other types of theft insurance. Also it would include fidelity insurance premiums paid on fidelity policies insuring banks, commercial firms, and private individuals against embezzlement, forgeries, and other defalcations by employees. Fire and automobile insurance would also come under this heading. In the case of losses not covered by insurance, we must consider the millions of direct losses suffered. Losses due to crimes against the person, such as homicides, wounding, and sex offenses form a large item in any tabulated costs today. In addition to the direct losses should be added the cost of police protection, court, and prison expenses. Commercialized fraud, organized extortion, and racketeering losses cause a tremendous amount of tribute to be paid by society annually.

The cost of administration of criminal justice, and the cost of crime would be greatly reduced. This, of course, would include federal, state, county, and city courts. The salaries of officials, guards, and other employees of penal institutions plus the upkeep of the hospitals and prisons must also be taken into consideration for this, of course, would include all persons everywhere. The cost of administration and upkeep of public and private correctional institutions and reformatories is another annual economic loss to society. All these costs are now paid by citizens in the form of taxes.

Private citizens suffer heavy losses as victims of various illegal enterprises, especially through the bribery of public officials and police officers. These crimes cause alliances to grow up between crooked politicians and organized racketeers, and it is the citizen who must pay through taxes or unnecessary expenditures for any graft practised by unethical office holders and public servants. Another large loss is suffered by honest commercial firms when they are forced to pay tribute to one racketeering organization for "protection" from other racketeering organizations. All of the above-named items, whether immediate or indirect, must necessarily be characterized as costs of our present unintelligent system of voting. Surely if the profit be eliminated from the manufacture, distribution, advertising, and sale of harmful products, the standard of living would be much higher for all.

Also, in the category of indirect losses, must be considered the earning power of criminals and other harmful persons at large and the earning power of prisoners who are already in penal institutions. Usually this equals a large percentage of every state budget. Statisticians are also overwhelmed by the great loss to communities, as well as to individuals, through ill health due to bad habits. The cost of taking care of those too sick to work is taken for granted; but the greatest loss comes through those who are going to work each day but lack energy and endurance. They go to work merely to "go through the motions" and draw their pay. This applies not only to workers at the bench, but also to executives and officials. One of the chief causes of business failures is the poor health of the owner or of an important official.

On June 24, 1931, a report prepared under the direction of the National Commission of Law Observance and Enforcement, entitled *Report on the Cost of Crime*, was published and copies can be obtained from the United States Government Printing Office. This report shows an estimated cost of crime alone as *$18,000,000,000 per year. This does not include over $4,500,000,000 spent annually for alcoholic drink plus $4,000,000,000 more due to the unemployability of the intoxicated.* If these figures were correct in 1931, they must be triple this amount today (1951) with the increase in national income. The Prohibition Party states that by reducing these evils we could either greatly increase our standard of living or else use this money for reducing taxation.

Is there any wonder that the Prohibition Party takes its work so seriously? It is tremendously interested in suppressing the liquor evil and in strengthening law enforcement; *but it is far more interested in getting the United States better "race" conscious.* Then the masses will see the need of sound health, sound judgment, and sound religion. Then there will be a real desire for these things. However, first we must create the desire. Toward this end the work of the Prohibition Party is directed.

In closing, let me acknowledge my respect and love for my co-workers in that campaign. Prohibitionists, as a rule, are humble people, without much of this world's goods; but they are true citizens of the highest type. It was a joy to work with them and know them. Unlike my experiences as Church Moderator in 1936–1938, these months of campaigning in 1940 were happy months. Everyone co-operated, from Chairman Edward E. Blake down to the newest member. God bless them all! I was proud to be a candidate for the Presidency of the United States in November, 1940. Whatever may happen to the party in years to come, either through a change of name or through consolidation with some other party, the principles of our 1940 platform will ultimately win. Then—and then only—will unemployment be eliminated, justice rule, and your investments be safe.

Let me also pay my respects to Alcoholics Anonymous which I recommend to all who are honestly seeking redemption from the curse of liquor. Those who truly want to quit drinking and are willing to confess their sins and ask God for help can be cured. It should, however, be realized that this group depends mainly upon spiritual rebirth and Christian fellowship. Although the A.A.'s are not connected with any special Church nor Creed—except the power of brotherly love—they are deeply spiritual people. They have a message both for the down-and-out drunks and also for the conservative leaders of all Churches. What the power of God can do to eliminate the curse of liquor is also the only means of eliminating the other evils mentioned in this chapter. In fact, only through such a religious awakening can voting be restricted to those worthy of the privilege.

Chapter XXXIII

UTOPIA COLLEGE

AN EARLIER chapter includes a summary of various important addresses. One of these addresses, made in the Central West, appealed to the young people of six great states to develop a "Royal Family of America." I said that they and their neighbors should realize that some day a great responsibility will come to them and their children. At the time I never expected to have a part in developing such an idea. As years went on, however, and events, both abroad and in this country, became more serious, I resolved to at least plant a seed from which such a royal family might grow.

Only a great spiritual awakening, accompanied by some revolutionary inventions to raise the world's standard of living, can make the United Nations effectual. Certainly no students can believe that there will be no more world wars, although the United Nations may postpone such an event. World government will come about *someday* and the possibility of wars will be diminished. Even then, however, there could be splits and secessions comparing with our own Civil War. To be realistic, another world war must be expected *sometime.*

When, as, and if such an event happens, the probabilities are that one or more of our great cities will be destroyed. This may come about by the dropping of atomic bombs from the air, or by self-propelled missiles, or by other bombs preplanted by the enemy within our cities. These may be explosive bombs, or bacteria bombs, or poison gas bombs. As 20 per cent of our population reside in our twelve largest cities, this could be a terrific blow. This could leave our nation disorganized and without transportation, communication, or perhaps even government. If 80 per cent of our industries then were in these cities destroyed, it is evident that our country would virtually need to start over again, even if it were the victor.

To statisticians it is evident that the nation must be fed, fueled, and reorganized by people living in the central portion of the country. Rural districts anywhere may be safe against bombing; but for their people to exist, they must be fed and kept warm. How large this area may be is debatable. I decided upon a circle taking in the best parts of six states—Iowa, Missouri, Arkansas, Oklahoma, Kansas, and Nebraska. The crucial statistical measure was the ability of the area to take care of more than its present population.

The map shows that the approximate center of this selected area is a small city named Eureka, Kansas. Knowing the dictionary definition and derivation of this word, it appealed to me, especially as the nearest farming community is known as Utopia. I therefore visited Eureka, founded a small college there, and named the institution Utopia College, organized under the educational laws of Kansas in November, 1946, and to it I have donated funds. The college is co-educational and offers a short intensive course on training for Production Administration. It does not attempt to compete with any colleges within these six states nor does it even ask to be accredited by these colleges. Its sole purpose is *to help people of all ages, sexes, and races.*

WHY ANOTHER COLLEGE?

But why did Mrs. Babson and I start another college while already carrying two on our backs: Babson Institute for Men at Babson Park, Massachusetts, and Webber College for Women at Babson Park, Florida? There are several reasons. The main one is that we wanted to do something concrete to awaken the people of these states to the great opportunity and responsibility which will confront them when and if the next world war comes. The future of the reorganized United States will then depend upon the character, intelligence, and courage of the inhabitants of the Central West. We wanted a college there to use as a sounding board for this message and also in order to interest this section in world government which is the only hope for any practical utopia.

Now as to my other reasons: (1) In view of the location of Babson Institute and Webber College, neither will probably ever be bombed; but it seemed wise to have our educational interests in "three baskets" instead of only two. (2) The Institute serves the East; Webber College serves the South; and Utopia College serves the West, from which more of our students are constantly coming. (3) As years go on, it will be easier for the graduates of both the Institute and Webber to get good positions in the Central West. All of these reasons led us to select Eureka, *but the most important was to give us a central pulpit from which we could preach the above message.* Utopia is the name of a small adjoining community of which I am very fond.

Here is another reason why the name "Utopia" was selected. I am an admirer of Sir Thomas More (1478-1535), a famous Lord Chancellor of England, and friend of Erasmus, translater of the New Testament. Once Erasmus asked Sir Thomas to give his ideas of what Jesus meant by "Thy Kingdom Come." "What kind of a community would that be?" asked Erasmus. Finally Sir Thomas prepared his ideas in the form of a book which he named *Utopia*, a word which he invented. It had never been used before. That was over 400 years ago. From that time on the book has been printed in every language and used by most colleges. When I was a student at the

Massachusetts Institute of Technology in 1894-1898, it was assigned as supplemental reading with the statement that the author was beheaded for writing it!

There is an important question to ask in connection with this book; namely, why during these 400 years that this book has been read by millions of people, the "Utopia" which Sir Thomas outlined has never been tried? Or, assuming it has been tried, why has it not succeeded? In fact why was the program of Sir Thomas More not successful when tried by the small group of social minded farmers who took this name for their Kansas community in 1857? One reason is that Sir Thomas More, and other like-minded men who have attempted to carry out his program, failed to realize the importance of world government, new inventions, and sane religious faith. The hope of the world economically lies neither with co-operative movements nor scientific inventions *alone*, but with their proper combination under a spiritually minded world government. A nation must progress spiritually, politically, and materially in proper balance. When one gets out of balance there is a setback. In fact if today the nations of the world would use for peacetime pursuits the brains, energy, and materials now expended in waging and preparing for war, every family could enjoy a fair standard of living.

This brings me to a statement regarding a company known as Invention, Inc., in which Utopia College is interested. It is the oldest and largest corporation in the country for making certain pertinent patent studies. Every day it has men at the Patent Office studying new patents which are filed and those which are expiring. It aims to have among its clientele the most progressive industrial concerns in America. It is, of course, operated from Washington, D.C. However, the regard which the College has for this company should add a note of sincerity to my constant preaching that the ultimate utopia will come, not through dividing up what already exists, but through a greater interest in new inventions, new processes, and new discoveries, as well as in a new world government.

THE MAGIC CIRCLE

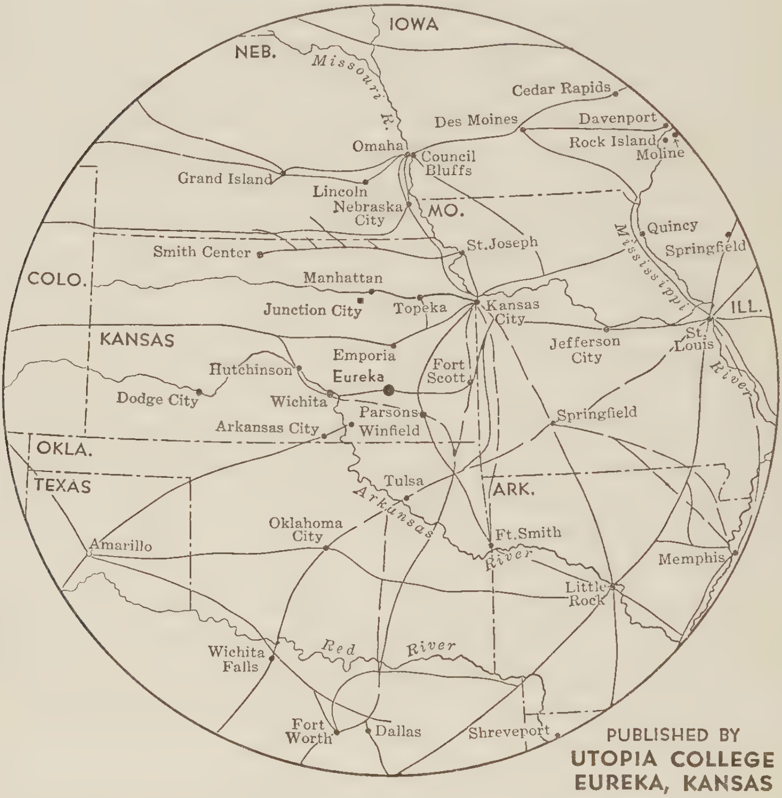
The material resources of these six states exceed those of any equal area in any part of the world and will support 400 people per square mile, while the area now has only 40 persons per square mile. The Mississippi Valley, on the eastern edge, is the most underpopulated breadbasket of the earth. It could easily support 60,000,000 people in luxury and 150,000,000 in an emergency. The entire area contains about 400,000 square miles with a few million population.

These states have rich soil. valuable minerals, virgin forests, vast sources of hydro-electric and solar energy, a climate which develops strong manhood, and a location which is central for all U. S. and foreign markets. The airlines of the world will meet and cross within this area, which could become the world's great international trading center. The people, however, must co-operate, planning and working together to best develop and hold this vast empire.

When talking about Utopia College, I like to draw a circle, with the center Eureka, and a radius of 400 miles. This is an average day's automobile run

BABSON'S MAGIC CIRCLE

OF WHICH EUREKA, KANSAS, IS THE CENTER


IOWA
NEB.
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Mississippi
Springfield
Smith Center
St. Joseph
COLO.
Manhattan
Junction City
Topeka
Kansas City
ILL.
St. Louis
River
KANSAS
Jefferson City
Emporia
Hutchinson
Fort Scott
Eureka
Dodge City
Wichita
Parsons
Springfield
Arkansas City
Winfield
OKLA.
TEXAS
Tulsa
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UTOPIA COLLEGE
EUREKA, KANSAS

for people who live in the Central West. It contains 500,000 square miles, or about 32,000,000 acres, upon which live about 16,000,000 people. The circle thus drawn is already being referred to as the *"Magic Circle."* This territory contains a wealth of natural resources, a reservoir of native labor, diversified agricultural production, low living costs, ample transportation, temperate climate, excellent educational facilities, abundant water supply, and the nation's best health records.

This area, within the Circle, produces, *per capita,* the greatest value of minerals of any similar area in the U. S. These include petroleum, lead, natural gas, zinc, coal, gypsum, salt, and stone. In addition may be included asphalt, road rock, mineral wool, carbon black, pyrites, bentonite, chalk, clay, volcanic ash, and helium. It also has great quantities of the ingredients of cement and other building materials. Not only is the production of these mineral products high at the present time, but their potential supply seems almost unlimited. In the case of salt, for instance, which is a basic raw material in the chemical industry, there is a supply which should last 500,000 years.

Within the area of this Circle is produced wheat, corn, oats, sorghum, hay, flax, soy beans, alfalfa, barley, rye, sugar beets, tobacco, peanuts, cotton, and potatoes. In the case of most of these products, the Magic Circle produces, *per capita,* the largest amount of any similar area in the U. S. Along with these crops are raised fine beef cattle and milk cows, hogs, sheep, horses and mules, poultry, and bees. In fact, its grazing lands lead the world. Living is both wholesome and reasonable. The climate develops both hardy children and hardy animals. As a result, the area is self-sustaining with a surplus of food at low prices. In many sections this surplus includes apples, peaches, pears, cherries, berries, melons, eggs, and vegetables. The latter are peas, beans, tomatoes, lettuce, and sweet corn.

The states included within this area already have huge annual incomes and share the largest percentage of *per capita income increase* since 1940 of any area in the U. S. This gives them a unique trading area of their own, stimulated by the largest increase in percentage of farm income of any like group of states. This increase applies not only to money received for the crops but, in many cases, to the yield per acre and the quality of the crops. Perhaps most important of all, 95 per cent of the population of the Magic Circle and environments are native-born, white stock. Only about 10 per cent live in large cities. This area thus ranks first in effective manufacturing man power *per capita* of any section of the U. S. Its present chief industries are oil refining, coal and mineral mining, meat packing, metal working, milling, aircraft, cement and other building material plants. These, however, are constantly being added to and increasing in output.

Based upon the above statements, let me offer to all readers some advice:

1. If you now live in this "Magic Circle," continue to live there and urge your children to settle there and bring up a good family. Support its churches, schools, newspapers, real estate, and other worthy enterprises. Do not neglect the great opportunity which God has given you to live within this area.

2. If you now live in or too near some large city, but wish to be employed there, buy a small, safely located, self-sustaining farm somewhere and rent it to some family of good character that loves farming. It might preferably be within the "Magic Circle," but not necessarily there. Help that family to make a living and be happy with the understanding that in an emergency your

family may come there and be taken care of. Visit this farm annually and invest more money in it. Such a policy will do both your family and the farm family good. Investments can yield returns more desirable than mere money.

COURSES AT UTOPIA

The specific work of the college consists of short, intensive training in Production Administration. The courses are in Accounting, Labor Management, Industrial Analyses, Marketing Technique, Government Relations, Finance and Investments, Business Organization, and Written and Spoken English. Outside lecturers, both from the business world and the teaching profession, cover other subjects, including Natural Resources. The above subjects and courses are basic and necessary for whatever line of work one is to enter. Among the advantages in a short course is the saving of time. This does not mean that a liberal arts education is not worthwhile for those who can afford leisure. But it is far better to take short intensive courses than to fail to attend any established college.

Believing more in decentralization now than when starting Babson Institute or Webber College, Mrs. Babson and I avoided the erecting of one large building for Utopia. Instead, we bought an entire block in the best residential section of Eureka, containing about three acres. It is bounded on all four sides by hard roads—5th and 6th Streets, St. Nicholas and Myrtle Streets. On one half of this block a fine residence had been erected which we turned into headquarters for the college; it contains a lecture hall, classrooms, and offices for instructors. Several nearby modern homes were purchased for dormitories. The other half of this central lot is in reserve for further buildings.

NEED OF BUSINESS EDUCATION

It is estimated that there are over five million families in the United States who, through hard work, fair dealing, and thrift, have accumulated $50,000. The father knows his own business, it may be farming, mercantile, manufacturing, or a profession. He probably has had only a grade-school education—at most a high-school education. His real education was at the "school of hard knocks." Yet these people are the backbone of America.

Until recently, to be successful, a man needed to know only his own business and concentrate on it, dealing fairly with his employees and customers. He did not need to know the details of economics, taxation, investment, government, etc. He seldom employed a lawyer; he had no use for brokers; and he could plant, sell, hire, and fire as he desired. He still hopes for these "good old days" to return; but they will not return for a long time.

As a result of these new conditions, the best parents are now confused and troubled. They see much in the papers about foreign affairs, legislation, business taxes, labor union domination, and other things. They realize that their own little business is no longer dependent upon a few simple principles by which they, thus far, have been successful. They are beginning to realize that from now on their own income and savings are unfortunately tied up with foreign affairs, economics, finance, world trade, labor problems, and so forth. Most of these good citizens are bewildered, while many are even frightened. They not only wonder whether they should continue in business, but are becoming fearful that they or their families may lose what they have gained through hard work and careful savings.

If these persons were younger, they could now devote one or more years studying these subjects for which they today feel the need, but know so little. Such however is now impossible. The time for such an education has passed and the clock cannot be set back. Those years have been torn from the calendar forever. Yet a family knowledge for these new conditions must be secured. It is dangerous and unfair to oneself and family to drift further. A knowledge of crops and seasons is no longer enough. The family security demands that one's knowledge of his own business or profession should be supplemented by a knowledge of other subjects. To help such, Utopia College was organized.

NECESSARY FUNDAMENTALS

Our three colleges would be unfaithful not to discuss with their students the importance of sound religious faith. I do not have in mind the teachings of any special church denomination, but there are fundamentals which should frankly be discussed. I hope that sometime Utopia College will be under the direction of the Mustard family;—but if not, it should come under some church management.

It is true that our College is now small and not well known; but this will not always be the case. I am making this little College the climax of my life work. I believe it will be the work for which I will be best remembered. Let me explain the reasons.

There are hundreds of college campuses; but for a young man to enjoy such he must forsake a job for four years. There are many correspondence courses whereby men can study at home; but to carry on those courses requires extraordinary self-control.

At Eureka a man can have six weeks of campus life on a leave of absence from his job, and carry on the balance of the college year by home-study. This enables students to do three things,—namely, (1) spend six weeks on a college campus and get acquainted with their instructors and get started properly in their courses. (2) Work on their home studies with the cooperation of instructors whom they know and who will encourage them to finish and get a diploma. (3) To get income from working at a job. In years to come this will be called the "Utopian Plan of Education."

Chapter XXXIV

CONCLUSIONS OF A BUSY LIFE

MOST of what we learn probably comes through experience, and much of this is sad experience. Yet I have learned much from observation. It has been my good fortune to be acquainted with the most successful captains of industry, and in this closing chapter I will record a few things which these men have taught me.

EMOTIONS AND RECORDS

Perhaps the foremost lesson which I have learned is that emotions rule the world, rather than statistics, information, or anything else. Emotions are a very important factor in causing the economic cycle. When recognizing the great power of emotions, in our own lives and in the lives of others, we should also learn to master these emotions and not let them master us. Fire can be either a great constructive or destructive force, according to whether or not it is properly used and controlled.

The evils of an economic depression cannot be cured during such a depression. The evils of a future depression can, however, be prevented or reduced by taking proper precautions during the preceding era of prosperity. I am not a fatalist. I believe that every future cycle can be controlled, but that little is accomplished by closing the barn door after the horse is stolen. Furthermore, "stabilization" is a dangerous and tricky word. There is always a conflict between security and progress. Either one, too greatly emphasized, kills the other. The best conditions exist when progress and security go hand in hand, without too great emphasis upon either.

Records are of great value, but they should not serve as a substitute for judgment. Records are of use in conserving and supplementing the mind, but they should not be used to replace the mind. It is equally a mistake to attempt to carry everything in your head, or to carry nothing in your head. This need of balance applies to every phase of life. Happiness does not come through any one thing, such as health, power, wealth, friendship, or even religion. Happiness comes from having all these things in proper balance. Successful men are noted for being neither pessimists nor optimists.

TRENDS AND TESTS

The ability to make definite decisions quickly and firmly is an outstanding characteristic of successful people. They teach that success can be attained in spite of all inadequacies and deficiencies, if only there is correctness in major decisions. Deciding questions correctly is of paramount importance. The rest of life and business usually takes care of itself. It must not be forgotten, however, that both power and profit come from doing things that are hard to do, and doing them when they ought to be done, neither too early nor too late. It is useless to attempt to buck trends. Successful people devote their energies to discovering trends, aligning themselves with such trends as are in the right direction, then helping them along and profiting by them.

Before staking much on any venture, it is important to make tests. Before sending out fifty thousand circular letters, prepare five different letters, and send out one thousand of each, noting which secures the best results. It is impossible for anyone to sit in an office chair and decide correctly what kind of letter or advertisement will pull the best. This applies also to diagrams, pictures, and especially to statistics. Slogans and catch phrases are not manufactured; they are merely discovered. Hence, I have been taught to learn only through adequate tests whether a plan will work. Successful men in all walks of life must be masters of mass psychology, and able to develop the essentials of a complex subject in a way so simple that the public will easily grasp it.

I often seem to get things by intuition. Perhaps this can be explained by my powers of observation, a retentive memory, large experience, and an active mind. Sometimes, however, it almost seems as if, through prayer and worship, I have received an instinctive "sixth sense." Good health is, of course, an important factor. For the mind to see clearly and act quickly, one must have a healthy body. Good judgment is very dependent on good food, outdoor exercise, and general hygienic living. Nothing warps one's judgment as do worry and fear. Faith, hope, and serenity provide the ground in which progress and security develop. No man can possess good judgment or good health if some one else has a rope around his neck because of debt, unwise commitments, or hidden sins. Possibly there are certain periods of the month when important decisions should be made.

ESTIMATES AND RULES

My work with captains of industry, political leaders, and scientists, has taught me that it is a mistake to insist on too much exactness. Einstein says that there is no such thing as exactness or perfection; that it is always a question of comparison. Therefore, I have been taught to work with estimates and approximations. I was never a real mathematician, but my guesses have been very good.

A trained mathematician can always excel me in working out a correct answer. I, however, am often able to guess a 95 per cent correct answer before the trained mathematician gets his problem started. Yet I am not criticizing the importance of correct theory, which should underlie all estimates and approximations. Courage and the spirit of inquiry should be combined with theory and judgment.

When anyone wishes to sell you a gold mine, always ask: "If you have such a gold mine, why do you want to sell it?" The greatest profits seem always to come from doing the unpopular thing and buying the unpopular property. Perhaps the simplest rule is to buy a thing when it is not wanted, and then to sell it when it is wanted. This, of course, assumes that one is rendering a needed service or selling a useful article.

Our real happiness depends on how we feel inside, not on how we look outside. To feel right, one must know that his labors are making people healthier, happier, and more prosperous. This requires character; hence, the real prosperity of a nation, community, or individual ultimately depends upon character. All other things follow. Certainly no more important message was ever given than Jesus' teaching: "Seek ye first the kingdom of God and His righteousness; and all these things shall be added unto you."

CENSORSHIP AND EDUCATION

Looking into the future, one thing which troubles me greatly is the abuse of the movies, radio, T.V., and even printed pages by using them for destructive purposes with the intention merely of making a profit. These industries—whether we like it or not—are an important part of the nation's educational system. They perhaps have a greater influence on the youth of today than have even the schools, homes, or churches. My first impulse would be to have the cities or states take over a portion of the work of these industries, or organize competing movies, radio stations, and possibly newspapers, which would definitely cooperate with the public educational system. Certainly the taxpayers will not indefinitely stand for spending hundreds of millions annually on maintaining schools, and then permit irresponsible movie, radio, or other outfits to undermine the character of the school children for mere personal profit.

I have thought a good deal about censorship. Censorship works to a certain extent within limits, but censorship is dangerous. In the process of saving the morals of our youth, we may lose democracy itself. During the many years that I have lived, great advances have been made along material lines which have not been equaled along educational lines. Many of the material inventions and discoveries are being used to pull down or retard the educational system which our fathers instituted. The great need of the hour is to speed up character building by the home, the school, and the church, to keep pace with the scientific work of the laboratory, the factory, and the advertising writer. I doubt whether this can be accomplished by restrictive legislation, and I am not sure that censorship is wise. Nevertheless, the problem must be met in some way, or democracy, *as now set up*, will surely go on the rocks. The success of any republic depends absolutely upon the character, motives, and ideals of its people.

SCHOOL AND HOME TRAINING

Because a boy is brought up near the water is no reason why he should get drowned. There is no greater percentage of deaths from freezing in northern Canada than in New York City. I was brought up in Gloucester surrounded by rum shops, but I am still a total abstainer. It may even be that I have a stronger moral courage than if I had been brought up in a closely-guarded suburban residential town like Wellesley. I do not know for a certainty; in fact, I am merely thinking out loud as I write these words. My feeling is, however, that the solution of most problems depends upon the home and school making a determined effort to warn children against evil influences. I know it is hard for parents to warn children against habits in which they themselves indulge. It is also difficult for public-school officials to urge students to refrain from attending movie houses, restaurants, and other local resorts owned by large taxpayers who are influential in local politics.

Many parents have entangling business alliances which make it awkward to take definite stands for integrity, temperance, and clean living. I sometimes think that it is impossible to operate, under our present city governments, a public-school system which will develop the character of our children. Certainly the private school and the endowed college are performing a great service today in holding up standards. These private schools, in my opinion, should all be exempt from taxation, whether or not operated for profit. The older I get, the more I feel that the success and happiness of each individual is almost wholly up to the individual. Congress, legislatures, and city governments may help to some slight extent, but young people are ultimately dependent on their own resources, self-control, judgment, and courage.

DEMOCRACY VS. ARISTOCRACY

Surely democracy, in its present form, with everyone having a vote, irrespective of character or intelligence, is likely some day to collapse. Only a great religious revival can save it. This danger of collapse is accentuated by the fact that the ignorant, the weak in character, and the poor in health are breeding more rapidly than those with strong character, good health, and intelligence. Our college graduates are not reproducing themselves, but parents in the slums are having from four to eight children. I would not tolerate a property test for the voting franchise, but certainly it is against the best interests of all honest people to have everyone vote simply because he is twenty-one years of age. The privilege to vote is a sacred right which should be treated far more seriously than it is at present. A voter should be free from a criminal record, should have a knowledge of government, and perhaps should be a parent. To bring this change about may require a temporary dictatorship or some form of fascism. If such comes I hope my descendants will cooperate therewith. Such a dictatorship should result ultimately in a better and stronger democracy. Let me add: All else being equal, those parents of today with four or more children, now making up 10 per cent of the population, could become the grandparents of 80 per cent of the voters in three more generations.

Some believe that the solution of the problem is in teaching birth control, but this is only one of the needed few aids. There must be real logic in teaching self-control and sacrifice, but such a doctrine should be used to encourage a greater birth rate among those with character, health, and intelligence, as well as a smaller birth rate among the unfortunate and unfit. In the last analysis, children and land are fundamental. Little else counts in the long run. When we restrict our birth rate to improve conditions temporarily we may be selling our birthright for a mess of pottage. In my humble judgment the solution of the problem of government and the saving of America will come through the building up of an aristocracy of character, health, and intelligence. Such an aristocracy would consciously become the Royal Family of America. It would consciously be guided by the realization that upon it the responsibility of saving America rests. I sincerely hope that my grandchildren and their children will strive to be a part of such an aristocracy. Let us now consider what must be done to become a member of this select group.

FIGHTING AND BREEDING

We should develop independence, self-control, and courage. It is not necessary for us to learn to fight others. Through such warfare we may only destroy ourselves. If the American Indians had concentrated upon developing their own race instead of fighting the white man, they would have absorbed him and through him would dominate America today. Certainly this is an instance where the practice of the Sermon on the Mount, even by the Indians alone, would have saved an entire race. We should, however, continually fight temptation of all kinds and become strong physically, mentally, and spiritually. Please carefully get my point. The spirit of fighting, high courage, and the joy of fearlessness should be developed; but these qualities should be used primarily to combat temptations, weaknesses, and luxurious living. If we make ourselves strong, hardy, and courageous, no other nation will ever attack us. If America falls, it will be due to the enemies within her—namely, luxury, fear, and love of the easy way of doing things and living. These latter are the traits which foreign enemies are hoping America will develop.

To become a worthy member of this aristocracy, one should take great care in selecting a mate. This means that we should marry only some one who likewise belongs to this new aristocracy and who has the same motives, purposes, and ambitions that we have. Then, after marrying, we should start at once to raise a large family of little aristocrats! Never mind how humble a home we have or how much we have to pinch to make both ends meet in order to raise a good family of children. The real traitors to America today are those young people who are avoiding families merely to live easier lives and to have a good time. Nature's life-insurance policy is a family of good children. Some day every other asset may be wiped out, and lucky will be those then who have a family of worthy children. Hence the importance of training these little aristocrats to be healthy, intelligent, and courageous. Teach them the principles of hygiene, train them to develop their intelligence, and ground them in the spiritual life. Hold family prayers in our homes, make the Sabbath different from other days, and bring them all up to love the church and to be good citizens.

One thing that has saved me has been the fact that it never bothers me to be laughed at. My parents used to tell me that I was always more or less of an "off horse" and did things differently from what the other children were doing. This resulted in my sometimes being called a "sissy" and sometimes a "bossy," and in often being ridiculed. Being called names, however, never bothered me. When I was laughed at, it seemed a good joke. Then I have always found real joy in the struggle with things, human opponents, and even economic forces. I have found the fun to be in the striving rather than in the arriving.

PLOWING AND SACRIFICING

When working on the farm, I have enjoyed most the plowing up of the ground in the spring, and the smell of the new-turned soil. I have always wanted to be around when plowing is going on. When constructing a building, I have always personally superintended putting in the foundations, and have left to others the building and furnishing of the structure. My special job with all my companies and departments is to "wind the clock." I put my special energy into getting a project to run, and then am content to guide it. And in guiding it I have always used my intuition more than I have used the stereotyped rules of the game. Often I have swept aside the customary way of doing things, and have said, "I have a feeling that the real thing to do is—." When so guiding my own life and the lives of others, the deepest satisfaction has come from the feeling that something definite, valuable, and lasting is being accomplished.

To succeed, one must practice at times a certain amount of self-sacrifice. I have done many things that I did not want to do when I did not want to do them. Willingness to sacrifice is surely one of the fundamentals of success. The importance of sacrifice should be written on the walls of every home, schoolroom, and church. Although my parents were strict in a few essential things, yet they gave me a great deal of latitude as a whole. They would allow me to fight my own battles, make my own trades, and argue my own cases. If I have a good memory, keen wit, and an instant command of resources, it is due to inheritance and the training which my parents gave me. As steel is sharpened on a whetstone, so characters and minds are developed by rubbing against others. As an understanding of the Law of Action and Reaction, in connection with human relations, is spread throughout the world, the nations will make real progress.

RELIGIOUS TEACHING LAGGING

Scientists realize what Sir Isaac Newton has done for civilization, but we laymen do not quite appreciate what his work has meant for each of us. In 1642, when that boy was born in a little English village, science was in a state of chaos. Superstitions and prejudices ruled. Newton came into that world of superstition and prejudice, and left it a world of science. He took magic and turned it into physics. He changed alchemy into chemistry. He changed legend into history. He found a world where there were no tables for latitude and longitude, and no books on algebra or higher mathematics. He left it with practically the same mathematical tables and books as are used today.

Newton, of course, was criticized. Only during the latter portion of his life was his work really and truly appreciated. This is one reason why most of his early publications were in languages other than English, although he himself was born and died in Britain. Let me say that the ideas that underlie my work were selected from the Bible and the writings of Sir Isaac Newton. His courage and manner have been a source of constant inspiration to me. After many years devoted to the compilation of statistics and the study of economics, this one fact stands out most prominently: *The study of the spiritual life is in the same condition in this twentieth century that the study of the physical sciences was in when Newton expounded his Law of Actions and Reactions.*

OUR YOUNG PEOPLE

As Newton changed astrology into astronomy, we today must change superstition into worship, creeds into science, prayer into power. Not only has the influence of the church declined during my lifetime, but it seems, as I look over the world today, that opposite forces are developing and going forth at tremendous speed. I have in mind the disrespect for law, the literature that we see on sale, and the general attitude of the younger generation, who apparently feel that the thing to do is to give vent to their emotions without restraint, without regard for parents, teachers, law, or history. That is the situation with which we are confronted. Yet I want to defend these young people.

There is nothing that will take the place of those fundamental qualities of intelligence, industry, thrift, honesty, and willingness to do what we do not want to do. These fundamental qualities are the basis of success and happiness. This does not mean, however, that the emotions of these young people must be suppressed. It does not mean that these young people are wrong in their desire to cast aside convention, or in their unwillingness to be interested in creeds. Not at all. They have a latent spiritual power and are filled with emotion. The only way they can express themselves is through emotional channels.

A CONFESSION

When Charles P. Steinmetz was the chief electrician of the General Electric Company, he spent a few days in my home. On his last day there I asked him what the next great invention will be. He said: "It will not be along mechanical lines; it will not be along electrical lines. It possibly may be along chemical lines. But my feeling is that it will be along spiritual lines." We talked about such wonderful machines as the radio, the airplane, and the automobile, but agreed that they are all piffle compared with the machine that every child has in his head—the human brain! Not one in a thousand brains is working at even 25% capacity, because of the lack of spiritual motive power.

Somewhere, sometime, some one will discover a method of awakening the brain of every child. There could be a hundred thousand Edisons, a hundred thousand Fords, a hundred thousand Kiplings. It is largely a question of getting our brains aroused and functioning. The difference between individuals lies in the influences which supply the motive and directive power for our brains. As I look back on my long life, the question naturally comes to my mind, What has been true in my case? I must confess that what success I have had has been largely due to certain emotions. It was not statistics nor money which built our buildings, organizations, etc. It was inspiration, courage, vision, and faith. As I look back on my failures, including my impatience and inability to get along with some people, an analysis shows clearly that those failures have likewise been due to unstable emotions, such as anger, jealousy, and callousness.

EMPLOYER'S ATTITUDE

The worst things in life are not struggle, sacrifice, even poverty; but rather jealousy, fear, and discouragement. The greatest things in the world are not railroads, factories, and cities; but rather love, sympathy, and courage. The time may soon come when, through heavy taxes or other legislation, young people will be unable to depend upon property inheritance. This may be a good thing for the children of the well-to-do as well as for the children of the poor.

Therefore, are we doing right by our young people in giving so much time to teaching them material things and so little time to guiding their spiritual lives? Whatever the answer, I urge my descendants to remember that the Babson coat-of-arms stands for struggle.

Employers should be actuated by some motive more worth while than the profit motive. I do not blame any man for wanting to build up a large and successful business. The best interests of all concerned may depend more or less upon autocracy in the management of business. We employers, however, should have sense enough to realize that after we have a certain amount of money, any excess is only a source of trouble to ourselves and families. After securing a profit which gives a fair recompense for the services which we render, our efforts then should definitely be directed to aiding our employes and customers.

I look forward to the time when a man will operate his business in the same spirit in which he holds a public trust or serves as the director of a hospital or library. This changed attitude on the part of employers would unconsciously change the attitude of wage-workers also. Today these workers are not interested in increasing production because they feel that the benefits from such increased production would go only to the employers and stockholders. If, however, they were convinced that the benefit from increased production above a certain point would be divided fairly between the customers, stockholders, and themselves, life would have a different aspect. We must think more of others.

POSSIBILITIES THROUGH WASTE ELIMINATION

As a statistician I have been impressed by the great waste which has needlessly been going on during all of my lifetime. Misdirected production and distribution have resulted each year in a total loss to the people of our country of about half the annual national income. Many billion dollars of this is annually lost through foolish investments, preventable business failures, contagious diseases, unnecessary fires and accidents, ignorant buying of adulterations, and inexcusable advertising and managerial errors. To save these billions of dollars a year requires only greater knowledge and common sense among the people.

There is a second group of wastes, including harmful and needless eating, excessive drinking and smoking, unnecessary expenditures on the criminal and insane, harmful entertainments, useless clothing, cosmetics, and quackery, all of which make up many more billion dollars of loss annually. To save this second great sum annually requires character-training and education. Yet this training could easily be accomplished if we went at the problem properly and systematically. This even applies to eliminating hurricanes.

In addition to the wastes in the above two groups, there is a third huge amount wasted annually through lack of proper planning and control in industry. This results from needless overhead costs, failure to standardize on

simple necessities, unnecessary employment turnover losses, improper plant location, waste of light and fuel, and other forms of mismanagement.
In other words, this means:

(a) That the cost of the present standard of living in the United States can be reduced about 50 per cent—by merely the elimination of waste. Furthermore, by the elimination of this waste, the general health, comfort and happiness of all the people would be increased, while real estate taxes could be cut one-third.

(b) That with a reasonable amount of planning the people now employed in the above useless industries could be transferred to making goods and performing services which are truly useful. Then everyone could enjoy the necessities and comforts of life, with no abnormal unemployment.

(c) That hours of labor for executives and workers could be reduced so that there would be more time for spiritual, physical, intellectual, and cultural development by all. The nation's interest charge would likewise proportionately be reduced by the wiping out of these parasite industries.

America has every natural resource to make everyone healthy, prosperous, and happy. America needs to revive that creative spirit which causes men to have confidence in themselves, confidence in their brothers and in their God. America needs that spiritual creative power which causes men to want to pull the cart instead of ride in the cart—to work, think, promote, and build instead of to depend upon interest, bank accounts, pensions, and government aid. From now on in the United States, *activity* will be at a greater premium, while *passivity* will get a lesser reward. Men and women will be more anxious to own homes, farms, and factories than to hold stocks, bonds, or mortgages. Real estate and commodities will be worth more than money hoarded in bank vaults; while industry, initiative, courage, and confidence will count for far more than securities, legal opinions, family trusts, or even the Constitution of the United States. As money values depreciate, human values appreciate.

YESTERDAY AND TOMORROW

Water from a well, light from a kerosene-lamp, heat from a stove, that was the way people lived when I was a boy. Today we get water from a municipal reservoir, light from a public plant, and we shall presently get heat from a central system. The whole trend is toward centralization. One thing after another has gone this same way—spinning, weaving, washing, cooking, storage, nursing, educating. In the future, as in the past, we shall see this increasing tendency toward cooperation, organization, and efficiency. The reason why I expect this present trend will continue is because, in the main, it is sound and beneficial. The more we can shift the mechanical loads of life onto the backs of machines, the more chance there will be for mental activity and spiritual achievement. The way to make man more than a machine is to liberate him from machine-like tasks. Since I was born, in 1875, much has been accomplished along these lines in connection with physical labor. From now on the developments will be to help men in other ways.

I foresee that the immense advantages of cooperation will be applied in a widening variety of ways. Looking ahead, there will be astonishing developments of personal service. When Mrs. Babson and I, alone and unaided, first undertook—over a half of a century ago—to establish a central staff for the study of a man's investments, this was an entirely new field. Today such work is an accepted part of modern economic life. With this history in mind, it seems entirely practicable to extend the same principle of a central staff for character-building, health, travel, reading, and other elements of true success. Some day these forms of personal service will seem just as matter-of-fact and inevitable as do economic services today. Let me describe how such a service might be developed. In 1904, by allowing me to worry about their investments, I relieved clients of a burden and greatly increased their wealth. Let me now discuss ways in which some organization could help clients in affairs far more essential.

ESSENTIALS OF SUCCESS

For many years I have analyzed the causes of success and failure. Experience has shown that there is one chief reason why some succeed and others fail. The difference is not one of *knowing*, but of *doing*. The successful man is not so superior in *ability* as in *action*. So far as success can be reduced to a formula, it consists in this: *Doing what you know that you should do*. Although a great many persons are able to plan their work and make good resolutions, only the successful few have the self-discipline to work their plans and carry out their resolutions. Successful men are as different from one another as the myriad forms of matter. But these men have this in common: *They systematically and effectively attend to certain fundamentals*. These fundamentals fall into four groups: (1) financial, (2) physical, (3) mental, and (4) spiritual. The qualities underlying these four groups may be divided into twelve simple divisions. These are as follows:

Preparing a Budget: A first step toward making any year of one's life successful is to prepare a proper budget. Start each year right. "Tell your dollars where to go instead of asking them where they went." Aim to accomplish more than budgetary control—budgeting that is creative no less than restrictive. People could be *followed up* to see that they prepare and use such a budget.

Planning Progress: In some cases this should consist of a talk with one's employer regarding one's situation and outlook. If one is still in school or college, it should consist of a talk with the teachers. The angle should be that of the employer reviewing and projecting his organization plans. The professional man, too, should look ahead. The important thing is *systematically* to have a talk each year at the right time with the proper parties as to one's future. People could be *followed up* until they report that this has been done.

Specialized Reading: One of the requests which I receive most frequently is to recommend reading giving information on certain subjects or which will arouse or check certain emotions. Successful men do not discard books upon leaving school. From constant contact with all groups of men during many years one can come to know the type of reading which is most productive. This experience could be embodied in reviews and recommendations of the books, reports, and other material which should be *followed up* by careful checking.

Setting-up and Other Exercises: In this section could be included also the subject of sports and recreations. Business and professional men are giving increasing attention to sports, but the mortality and health statistics show that there is a problem here which is still far from solution. Therefore, people should be given the best information and suggestions existing on this truly vital subject, and be *followed up* to make sure that definite exercise and adequate recreation are being taken.

Physical Examinations: In the same attitude with which he demands balance sheets on his business, the successful man wants a periodic audit of his own physical condition and needed diet. If there were more examinations, there would be fewer operations. A methodical check-up is excellent insurance. Once a year is none too often for such examinations. People must be *followed up* in order to get them to take these examinations.

Friendship and Correspondence: No one is so driven with other affairs that he cannot stop at least once a year and give some thought to fostering old friendships and forming new friendships. This refers both to business connections and to human relationships cherished for their intrinsic value. The occasion, too is a fitting time for taking care of personal correspondence in arrears. One should systematically be interested in family genealogy and heirlooms. All these things, however, need to be *followed up* in order to get action.

Constructive Travel and Hobbies: Few methods of mental development are more efficient than travel, and few are treated in a more haphazard way. People usually travel wherever business duties or random choice happens to take them. It is a characteristic of successful men to arrange their business and personal affairs so that they systematically become acquainted at first hand with the nation's key localities. When planned for a purpose, travel and hobbies become a liberal education in themselves. People should be *followed up* and guided as to trips.

Personal Hygiene: The importance of oral and other hygiene is a comparatively modern discovery. If records were available, they would show that some of the greatest men in history died untimely or failed strangely because of uncleanliness outside or inside. Cleanliness is an important factor in both efficiency and health. Correct information and a forceful reminder on this cardinal topic are well worth providing. The evidence on this point is overwhelming; but people need to be *followed up* in order to act.

Cultural Life: The theme here is art, music, and other cultural interests. For business and technical men, this is especially important. It is not merely that the specialist is in danger of becoming too narrow-minded and one-sided, thus failing of a successful life in the broadest sense. Even from the standpoint of success in his own specialty, a man cannot afford to become overtrained and stale. It makes for efficiency to get some totally new reactions. Rest is found in new activities. People need *following up* as to the proper use of leisure.

Worship: Church and charities should continually be brought to one's attention. Whatever the differences of creed, all the great religions of the world are united on the point that no amount of material success can compensate a man for the impairment of spiritual values. In all lines of worthwhile activity the most successful men have systematically spent time in meditation. I believe that any program looking toward well-rounded success is wholly inadequate without recognizing this power and *following it up.*

Investing: Beginning the year with budgeting and planning, I would conclude each year with collecting and investing. Such assistance is especially valuable to business and professional men. Often men are eminently successful in their own specialties, but reap little lasting financial reward therefrom, because they fail to collect their bills and properly invest their savings. Having one's collections and investments *followed up* is of prime importance.

Miscellaneous: I would assign an "indefinite section" to avoid too rigid a schedule and to give an opportunity to cover important subjects of current interest. We are entering upon an era of extraordinary invention and discovery. The world is changing more radically, more easily, more rapidly, and more constantly than in any previous period. In anticipation of vast new interests, I would make in the life program of everyone a provision for future discussion of future subjects.

CHARACTER-TRAINING POLICIES

Whereas a life insurance policy provides future funds for beneficiaries, a *character-training policy* could provide continuous information and constructive action on the fundamentals of true success. These fundamentals are at the base of practically all of life's major problems. Although such a work could be adaptable to all persons, regardless of age and position, it is especially important at the outset of a man's career, when success habits are being formed.

I am too old to inaugurate any such new work. If, however, I were twenty-five years younger, I certainly would organize such a movement to "insure" the character, health, and intelligence of our children after they leave school, and especially after we ourselves pass on. With all the organizations which now exist for supervising the financial investments of our children and grandchildren, there ought to be organizations to supervise the more important things of life. When young people leave school today they are thrown on the world without further care, except possibly in connection with material inheritances. We have learned to leave property in trust to our children, so that the money will be watched over by experts. Yet our children's health, education, and habits are far more important than their land, stocks, and bonds.

Of course, an organization to issue *character-training policies* would have much to learn; it would probably make many mistakes; but even at that it might make no more mistakes than do banks and trust companies. In short, there should be organizations in which we could take out a policy or annuity which would insure guidance to our children as the ordinary life insurance policy now insures them a certain amount of money. Based on the law of averages, these new training insurance companies could make a flat price to parents which would provide for this guidance so long as the children live. Of course, the children might not properly use the advice given, but neither do they always properly use the money which comes through the usual form of life insurance.

OUR INSURANCE ORGANIZATION

In previous chapters I have referred to the Business Statistics Organization, Inc., with its holdings in Babson's Reports, Incorporated, in the Gamewell Company, and also in the Public Welfare Trust, which latter stock was exchanged for stock in the A. P. W. Products Company. I have often recommended to clients that they either invest very broadly in a large number of stocks, depending *wholly on the law of averages*, or else that they confine their investments to a few carefully selected and diversified industries and *then watch these few carefully*. In view of the fact that I want to avoid so far as reasonable the buying or selling of stocks which *Babson's Reports* recommends clients to buy or sell, I have mostly followed the second method. To a large extent the Business Statistics Organization, Inc., has been used in this connection. But my real reason for developing this Organization is to have sort of an endowment which will insure the continuity—under all conditions—of *Babson's Reports*, to which my life has been devoted. This thought is explained further in the last parts of a previous chapter on Hobbies.

A large part of the income earned by the Organization is derived from services rendered to its direct clientele. Such activities are devoted to keeping about two thousand large business concerns informed as to the future of commodity prices, sales opportunities, labor conditions, Washington outlook, etc. To be efficient in this work and better serve our clients I have found it necessary to acquire more practical experience and first-hand information by having a large interest in other companies than the three above mentioned. Furthermore, I believe our experience can be of great benefit to the stockholders of such corporations. With this insurance feature in mind, the Business Statistics Organization and the Babson family have been purchasing stock in certain other corporations, without forgetting that *Babson's Reports* were the seed from which all I possess really grew and that these reports must constantly be strengthened and expanded. Furthermore, our valuable files must be protected and to do so we have a supplemental library and compiling offices at New Boston, N. H. Thus clients will be protected in case of World War III.

I repeat that an interest in many industries and a close-up knowledge of what they are doing enables us to serve better the clients of *Babson's Reports*, described in a previous chapter. Its growth has resulted in its now having probably the largest clientele of any personal investment advisory service. This Service has been in continual operation for over forty years and has sought absolute accuracy, honesty, impartiality, and consistent speed of operation. *I hope that this company will continue, through the Organization, to remain in the control of the Babson family or its various trusts or educational institutions. It should always be treated as an important public responsibility.* Allied with these, we own the Publishers Financial Bureau, which syndicates insurance, manufacturing, investment, and other weekly columns to nearly 400 newspapers. This Bureau also publishes an Annual Forecast which I hope will become more in demand each year. It will thus be seen that our investments and services are interrelated—each very important to the success of the others, but all contributing to the well-being of the clients of *Babson's Reports*.

A FUTURE OPPORTUNITY

As this Organization has been in business since 1904, it has accumulated very valuable experience and most important records, as well as made most useful contacts. This work especially applies to Finance, Insurance, Taxation, Marketing, Public Relations, New Products, and Engineering. To supplement their present work along some one or more of these areas, certain corporations are employing us to share a portion of the responsibilities. The result has been most satisfactory to all concerned, especially to the stockholders who always appreciate having the directors secure additional outside help at least as checks or insurance. We thus far have confined our aid to only one company in a given field. As some of this work is of a highly confidential nature, we naturally do not advertise it.

This work should be of great value to the subscribers to *Babson's Reports*. Some persons criticize the Babson Organization for having so many interests even though they are closely interrelated. My answer is that this program gives a breadth of vision by which all clients now benefit, and insures efficient continuance of *Babson's Reports* after I have departed. The Organization increases efficiency, provides insurance, and can serve as a future endowment.

SOMETHING TO RECOGNIZE

I cannot close this chapter of Conclusions without referring to an event of great importance which took place during the 1930's. I refer to the world "going off the Gold Standard" and accepting Paper Currency. Gold may have little intrinsic value, but it served as a "ceiling" on debt, inflation and speculation. By abandoning this ceiling we have entered—for good or evil—a new era where current economic conditions are determined largely by politics. The Law of Actions and Reactions will continue to apply in the long run, but the cycles may be very much longer. This fact may cause many businessmen and investors to be misled by charts and experiences relating to pre-World War II years.

The accepting of Paper Currency has already resulted in a decline of our dollar to about fifty cents since World War II. Following World War III our dollar could go to twenty-five cents or even to ten cents. This means that investors should be reluctant to buy fixed interest bonds or preferreds unless "convertible."

Chapter XXXV

PLAYING WITH GRAVITY!

AS A closing chapter to this book, may I tell of my final dream?

The Gravity Research Foundation was organized by me in 1948 under the laws of Massachusetts as a non-profit institution to collect and distribute information in connection with gravitation. Its headquarters are at New Boston, New Hampshire. This is about sixty miles north of Boston and was recommended as a safe distance from Boston in case that city should be bombed in World War III. In deciding upon this distance not only were the atomic dangers considered, but it was desired to get a self-sustaining community, free from industrial plants, able to feed, clothe and heat itself under any circumstances, and independent of uncertain water, light and power utilities.

A location sixty miles to the west of *old* Boston, Massachusetts would conflict with the congestion of Worcester and surrounding industrial towns. A location sixty miles to the south would enter the Providence section which is highly industrialized with a large population. Hence southern New Hampshire to the north was chosen. New Boston was selected of several other southern New Hampshire localities for these reasons—although it is only fair to say that the name of this little community was a partial factor in its favor!

Now let me describe some of the aims and purposes of the Foundation.

THE SIR ISAAC NEWTON LIBRARY

For over twenty years Mrs. Babson and I have been much interested in the experiments and writings of Sir Isaac Newton. As a result, one of the largest collections of Newtonia may now be found on the campus of Babson Institute at Wellesley, Massachusetts. In the Institute Library are two rooms devoted to the works of Sir Isaac Newton. One of these is the actual parlour of the house in London where Newton spent the last years of his life. When the house was torn down for the erection of a large modern building, Mrs. Babson purchased the portion most used by Newton and had it brought to Wellesley. It has been re-erected exactly as occupied by Sir Isaac Newton, with the same walls, doors and even the identical shutters containing the hole through which he carried on his first experiments in connection with the diffusion of light. *It was this "hole" which first interested me in Tiamonds and Titanium stones.*

In connection with the above Newton collection, there have gradually been accumulated writings by Newton and others on GRAVITY. Strange to say, whereas the writings on optics, mechanics, astronomy, mathematics and other of Newton's studies have developed into great industries, almost nothing has been done since Newton's day in connection with gravity. To separate the books that refer to gravity from the regular Newton Library, and to bring them to New Boston, was one of the reasons—and perhaps the first consideration—in establishing the Foundation. It may be said, therefore, that the primary purpose of the Foundation is to have the most complete library on gravity in existence and one which shall be open freely for consultation by all. In addition to the above about 200,000 miscellaneous books are stored there in case Boston should be bombed.

THE CORRESPONDENCE DIVISION FOR RESEARCH

Those who have been interested in the study and harnessing of gravity have been disappointed with the attitude taken by many college professors and engineers in connection with it. The mention of gravity too often brings a smile as if the inquiry were not taken seriously. This has discouraged a frank discussion of the subject. Much experimenting which has been going on has been under cover. Hence a second purpose of the Foundation has been to get in touch with the interested people scattered throughout the world and let them know that they have a sympathetic friend. The Foundation today corresponds with a group of over two hundred whom it is encouraging in their gravity research work and with whom information is being freely exchanged.

For some reason "perpetual motion" has been tossed off as if it were impossible and anyone who attempted to harness gravity would be grouped as "perpetual motion quacks." Yet there are many illustrations of "perpetual motion" in everyday life. One of the most potent is the generation of power by falling water. The water which goes through a water wheel is raised from the ocean as vapor by the heat of the sun and accumulates as clouds. These clouds (by winds which are also caused by the sun) are blown to hilly country where they condense and fall as rain. This water, by gravity, flows down streams and, at natural falls in these streams, flows through turbines for the generation of power. This same water, after passing through the turbines, flows into the ocean where it is again evaporated into clouds and goes through the same process of being condensed and operating turbines. Certainly this is a perfect illustration of obtaining power through perpetual motion. The old fashioned tide-water mills, used in certain bays along the sea coast, are the only "water powers" that can technically be classed as working solely by gravity.

CONCERNING GRAVITY AND ITS EFFECTS ON HEALTH AND AGE

Physicians and surgeons are becoming more and more interested in the relation between gravity and the physical conditions of individuals. Certain circulatory and other troubles are now recognized as directly due to gravity. Those of us, moreover, who have no special complaints are at least faced with old age! Gravity may be called Enemy Number One for those over sixty years of age. It is even being thought that there is a correlation between accidents and disease and the different phases of the moon, which, if so, means that our chances of getting hurt varies with changes in the gravity pull on our bodies. Yet no actual data exists as to this possible relationship and its allied complications. The Electronics Medical Foundation of 1200 Hyde Street, San Francisco, is at work on such problems.

Therefore, one of the tasks of our Gravity Foundation is to collect from hospitals, insurance companies and physicians the day and, if possible, the hour, of a fracture and learn how this time correlates with the phases of the moon. Not only does the pull of the moon and sun counteract (or relieve) at certain times the downward pull of the earth on an individual, but this same gravity may affect the temporary judgment or awareness of the individual. After ascertaining definite data on the above, it must further be recognized that the variation in this gravity pull of the sun and moon may affect the judgment of individuals differently according to their mental capacity and development. In connection with gravity and health our posture becomes an important consideration. When one studies gravity he soon becomes interested in sitting and walking with care and using a cane more often. As one becomes self-conscious along these lines, his health and efficiency naturally improves.

THE HARNESSING OF GRAVITY FOR FREE POWER

Thousands of attempts have been made by earnest inventors to develop a machine to operate by gravity without the aid of any fuel or other power. These attempts have been unkindly called "perpetual motion" machines and have been a source of much unfair criticism. These machines, as a rule, work by levers and weights. None of these have been really satisfactory; although the one that has been most publicized was that known as "Kelley's Motor." There are, of course, many motors operated by magnetism, by air, the sun and other forces, but these do not come within the range of the Gravity Foundation's work.

In order to keep in touch with these past and future gravity developments, I purchased control of *Invention Incorporated* of Washington, D. C. This company has three investigators at the Patent Office at all times scanning through all of the patents issued from week to week. These investigators are constantly on the watch for any machine, alloy, chemical or formula which directly relates to the harnessing of gravity. The general impression is that gravity will not be harnessed until a partial insulator, reflector or absorber is discovered to develop a *differential.* It is further believed that this discovery will be accomplished through stumbling on some alloy which will give the desired results. Hence, the Foundation is encouraging all engineers and chemists who work with alloys to be on the watch for such a discovery. It surely would be a great blessing to mankind.

ORNITHOLOGICAL MUSEUM

Shortly before his death, Thomas A. Edison, when discussing aviation with me, pointed to a bird flying in the air and remarked, "That bird can do what no man can do—namely, fly with its own power. I wish, Babson, that you would take a greater interest in birds—not solely from the viewpoint of their beauty and song, but concerning their power to fly." This caused me to collect and study birds; I now have such a collection on the campus of the Babson Institute. It is hoped that this collection will ultimately become the property of the Gravity Research Foundation. In addition to mathematical comparisons of the weight of birds to their wing area, studies should be made as to the birds' diet and what gives them their abnormal muscular flying powers.

Since starting the Foundation, various cartoonists have portrayed the Foundation's trustees as flying through the air with wings; in fact a humorous book has been written on the subject known as "The Flying Dutchman." Yet these stories should not be taken merely facetiously. It is very possible that a wing will someday be constructed of some partial anti-gravity alloy which will enable lightweight, muscular persons to fly under their own power. Animals such as "flying squirrels" are an illustration of what may be accomplished along these lines. As a matter of interest, although not directly connected with Gravity, the *Boston Post* of October 16, 1949, stated that homing pigeons become confused and lost if magnetized metal plates are attached to their wings. It further stated that this is not due to the weight, as non-magnetized copper plates have no such direct effect.

OUR LITTLE MILL

The Foundation has purchased a small water power mill at New Boston, which is in perfect running condition although the horse power is small. This may be used for some secret experiments of an interesting nature. It should be understood, however, that the Foundation does not expect to operate a laboratory or develop inventions or make discoveries on its own. It must avoid such work in order that inventors and others may feel free to send to the Foundation their own ideas knowing that the Foundation will not take unfair advantage thereof. *The purpose of the Foundation is to encourage others to work on gravity problems and aid others in obtaining rewards for their efforts.*

The Foundation is interested in the ocean tides at Gloucester, Massachusetts, where I spend my summers. As a result of such studies an Annual Reminder is being published giving the phases of the moon for the year and how the variation in the gravity pull and weather on certain days should affect the emotions, judgments and awareness of individuals.

AWARDS AND LECTURES

The Foundation is offering several Annual Awards for the best two thousand word essays on the possibilities of discovering some partial insulator, reflector or absorber of gravity waves. The First Award is for $1,000.00. The selection is made by the trustees of the Foundation after technical advice and consultation.

Babson's Reports Inc., entirely apart from the Foundation, has purchased in the center of New Boston a brick building which is used summers as a Conference Hall. Here free lectures are given on economics, industry, natural resources and other subjects relating to investments. Once a week, in August, a lecture is given on gravity with an opportunity for anyone to ask questions pertaining thereto. A house has been purchased in New Boston which could serve as a center for those interested in coming there to study gravitation and its possibilities. It is hoped that this little community will gradually become a center where physicists, engineers, metallurgists and others especially interested in the causes and possibilities of gravitation, will come in the summer.

SPECIAL BULLETINS

The following publications have thus far been issued:

Gravity—Our Enemy Number One
by Roger W. Babson
Gravity Aids for Weak Hearts
by Grace K. Babson
Gravity and Psychology
by Dr. Raymond H. Wheeler
Possibility of Free Heat
by William R. Esson
Weather Conditions and Politics
by Oscar S. Brinkman
Is Free Power Possible?
by George M. Rideout
Gravity and the Weather
by Dr. Raymond H. Wheeler
Gravity and Health
by W. Stewart Whittemore, M.D.
Gravity and Posture
by Mary E. Moore
Gravity and Ventilation
by Roger W. Babson
Gravity and Sitting
by Roger W. Babson
Gravity and Your Feet
by William Drake, M.D.
Gravity Effect in Relation To Health
by Arthur D. Baldwin, M.D.
Annual Report of President Rideout

Addenda

HOW $2,000 CAN BECOME $831,545 WITHOUT BORROWING A PENNY

EFFINGHAM WILSON was born in Yorkshire, England, in 1783, and died in London in 1868. He was the first publisher and vendor of financial publications in the English language. It is probably fair to say that he blazed the trail for the financial services, manuals, and books of all kinds that are published today throughout the world. He first intended to become a doctor, but had an opportunity to study books with the Aspens of Cornhill. His first real position was with Mr. Thomas Hurst of London. Later Mr. Hurst went with the Longmans and Mr. Wilson went with him to this well-known book house.

In 1805 Effingham Wilson started in business for himself in Chapter House Court, Paternoster Row, London. On June 30, 1812, he removed to the Royal Exchange near the Bank of England, taking space on the southeast corner of the ground floor. Here he remained until January 10, 1838, when the Royal Exchange burned. While this structure was being rebuilt he had his business nearby on Bishopsgate Street. He returned to his former location in the Royal Exchange in 1844.

Effingham Wilson became such an authority on books of finance, taxation, insurance, and investment that, in 1834, he established two agencies abroad, one of these in the United States. To these he consigned large numbers of his books and other financial works. Both of these foreign agencies succumbed during the great panic of 1836-37 and Effingham Wilson suffered considerable loss. Then came the great fire of London in 1838 which was another severe blow. All of these he survived, living to a ripe age of eighty-five years. He died on June 9th, 1868.

Effingham Wilson was courageous in forecasting and a Liberal in politics. He won great attention when he published in 1830 the extraordinary *Black Book* which exposed pensions and other inside details of government affairs. The first edition of this book was published by Fairbairn in 1820, but that firm apparently had not the courage to publish the 1830 edition in view of the agitation caused by the Reform Bill. Effingham Wilson, however, published the book. The tale is told that a man in high position came to Effingham Wilson's bookstore directly after his publication of the *Black Book* in 1830 with a horse-whip and threatened to beat him, but Wilson did not falter. He published whatever he believed to be the facts—including some remarkable financial cartoons—regardless of whom they affected.

After the death of the elder Wilson, in 1868, the business was carried on by his son William Wilson until his death in 1885, when it was sold by the executors to a Mr. Richards. He operated it until 1894, when it was purchased by J. F. Mathieson & Sons who were becoming important competitors. The two Mathieson brothers were personal friends of mine and I worked closely with them. Shortly after the turn of the century, the business was moved from 11 Royal Exchange to 54 Threadneedle Street, nearer the Bank of England. Later it was moved to 16 Copthall Avenue where J. F. Mathieson & Sons had their financial printing plant.

Although primarily a publisher of financial and other economic books, Effingham Wilson and his successors had a vital cultural interest. In fact, he was the first to "discover" both Tennyson and Browning, being the original publisher of their works. He saw the value of their writings when no other publisher was interested.

Effingham Wilson issued what was probably the earliest Investment Manual. It was *Fenn's Compendium of the English and Foreign Funds*, compiled first in 1837, and regularly thereafter until 1898. Then corporation securities became much more important so that Fenn's statistics were included in a more comprehensive manual. The Wilson firm continued to export its numerous financial publications to the United States and all parts of the world. It also represented in England, Poor's Manuals, Moody's Manuals, and other American investment services. *Babson's Business Barometers* appears in the Effingham Wilson catalog for 1910.

The Babson organization had so many clients abroad, previous to World War I, that the Barometer Letter was cabled each week to the House of Effingham Wilson, which printed and distributed it to our overseas clients. The owners of the business were then J. F. Mathieson & Sons, who are still believed to be the most accurate and comprehensive publishers in London of investment statistics. A few years ago the building at 54 Threadneedle Street was torn down. Thereupon the business of Effingham Wilson was sold to Sir Isaac Pitman and Sons, Limited, of London. This famous firm is now probably the largest publishers in England of textbooks on business and economic subjects. In 1938 the name Effingham Wilson and the good will accompanying same was purchased by Business Statistics Organization, Inc., which now has exclusive rights to use it to sell financial books and services throughout the world.

FAMOUS ENGLISH BANKERS

Effingham Wilson was in active business when London was the financial center of the world. He was personally acquainted with the old London bankers whose families had built up great fortunes. During my many prewar visits to London, I met the sons or grandsons of many of these famous financiers. I refer to these firms and their modest old-fashioned offices in Chapter XVI of this book. The chief assets which visitors saw were the oil paintings of ancestors to which I have already referred. These bankers may have had a ticker, but no private wire system and only two or three poorly paid "skinny" clerks. After becoming acquainted with them through my Effingham Wilson connections, I would venture to ask: "How, with these old, dingy offices, did your family build up an investment business which has made you all such very rich men?"

The reply always was: "It is because our family never had any overhead expenses and could always afford to wait years if necessary before buying or selling. This enabled them, and now enables us, to make millions. We refused to let anyone beat us in waiting! We always patiently watched the tides flow in and out and never attempted to fight their rise or fall. *Yet our policy made every boom less dangerous and every panic less severe.*"

They then explained to me how they and their clients entered the market only once about every six or more years to buy securities. This would be when prices were very low. These securities they would keep for a few years until there was a boom when the younger and less experienced brokers were buying; then these old families would sell. The cash received they would "loan out on call" for several years until another crash came when they would again enter the market to buy. By this custom they not only made millions for themselves but developed the great British financial system.

This slow but all-powerful system of investing built those great estates throughout England which were the show places of the world. Strange as it may seem, these families, having most humble offices in London, owned palatial homes and thousands of beautiful acres in the country. I might well here give a closing warning to the readers of this book because today many of these great estates have become deserted. This has partly been due to the families' failure to continue the financial policies of their ancestors. Too many younger generations speculated and lost all through impatience and greed. There surely is a lesson here to the investors of the United States who are tempted to speculate in order to offset high income taxes and high living costs. However, I will not expand upon this lesson. This story of my life and work already contains too many preachments!

I am interested, however, in showing readers that this English system could have been as well applied to the United States. Let us assume that in June, 1900, when I first became interested in London finance, I had invested $2,000 and bought and sold according to the best investment practice of the Effingham Wilson days. By this old English system I would have gone into a broker's office to buy American stocks only nine times during the following forty-eight years. I would have bought only for cash *without ever borrowing a penny.* Yet this $2,000 would have amounted in forty-eight years to nearly a million dollars without considering either dividends and interest received, or taxes paid. Of course, under our present tax system, it would take longer to reach the million, but it now would be easier to get the $2,000 with which to start than it was in 1900! In fact, at the time of my graduation from the Massachusetts Institute of Technology in 1898, all graduates started work at not over ten dollars per week, compared with four times that in 1948. Hence the Effingham Wilson system continues to have great possibilities for those who will combine courage, patience, and economy with the aid of experienced investment counsel. In fact, the following of this system is largely responsible for such funds as I have accumulated, given away, and spent.

INVESTMENT ADVISORS

May I close this chapter with another suggestion, although this is mainly to investment advisers who may read this book. The present system used by most such advisors is to assign a certain number of accounts or portfolios to one man in the office to watch. A good man should be able to watch, that is, to serve, at least fifty such accounts. This means he can go through these fifty accounts once each month—or to put it another way, he can service fifty clients. The result of this system is that if an investment adviser has five hundred clients, then ten good men would be needed to service the five hundred accounts. But here is the difficulty: with each of these ten men working independently there is much duplication of effort, as most of the clients have many of the same stocks and bonds. Yet each of the ten men are independently and hurriedly studying the same corporations at the same time. This not only results in much wasted effort but often different clients are given contrary advice by these different men. Yet this is the method followed by nearly all of the investment advisers at the time these pages are being written.

The Babson Organization follows a different practice. Believing we are making a real contribution to the profession, I wish to explain our method in contrast to the older method above described. I believe the Babson method greatly increases efficiency, accuracy, and speed. Here is the way it works: When you become a client of *Babson's Reports* you register the names and amounts of the stocks and bonds which you own. You have no hesitation in telling us the truth as we charge by the *number of companies*, irrespective of the *amount of shares* which you hold. This list of companies goes immediately to our addressograph department to have plates made with your name and address thereon.

Assume you register twenty-five companies which you desire to have carefully supervised. We thereupon make out twenty-seven plates. One of these goes to the bookkeeping department; one to the mailing department; and the other plates are distributed among steel filing drawers. There are about two thousand of these drawers; one or more for each of the companies which we are watching. As an illustration, if you hold bonds of the Pennsylvania Railroad, one of your plates is put in the Pennsylvania Railroad drawer along with the names and addresses of hundreds of other clients who hold these same bonds. *In short, we reverse the system used by most investment advisers*: we segregate according to the different corporations rather than the different clients. We use the corporation as a unit instead of the individual investor. Our method is not only more up-to-date and accurate, but it enables us to render a better service to clients at a lower annual charge.

Our investment experts are assigned to watch *corporations* rather than *individuals*. Practically speaking, they are all *continually* watching all of the companies in which any of our clients are interested. Such supervision therefore may be said to be "daily," rather than once a year, or even once a month. As a result, each day *certain* reports coming in indicate that the securities of *certain* companies should perhaps be bought or sold. They at least are worthy of attention by the investor who holds them. Hence, we immediately revise our report on such a company and mail the new report to each client holding that security. By a system of colored borders, clients know whether they should consider buying, or selling, or merely holding what they now have.

How is this analysis work done so quickly—all perhaps within a few hours? The answer is that after the revised report has been prepared, our mailing department goes to the drawer, or drawers, holding the plates for the clients who own such security. These drawers are taken to the mailing room, envelopes are addressed from such plates, and the revised reports are immediately inserted. In a few minutes the new reports with accompanying recommendations are in the mails and speeding to your home or office. This Babson system, therefore, provides three features of great value to every client:

1. Your securities are watched *daily*, instead of once a quarter or once every month.
2. Our investment advisors, by avoiding the duplication of work, can serve the total clientele much more efficiently and accurately.
3. By the use of addressograph plates and our system of mailing, the cost of the service to clients is greatly reduced.

In addition to the above, every Monday our editors and department heads meet and discuss the trend of the market and of special industries. Through these meetings the entire system is welded together and *all clients have the advantage of the experience and judgment of all our best experts.* I repeat that this is the most accurate, impartial, and up-to-date method of serving client's accounts, *irrespective of prices or fees charged.*

It is true that a new client may not appear to get much from *Babson's Re-*

ports in only one year or perhaps a longer time. We do not send clients as much material as do the other services. But those who are patient and stick with us, year in and year out, are greatly helped. Therefore, whether or not you—the reader of this book—are a client of *Babson's Reports*, I do urge, (1) that you follow the buying and selling program of the old English bankers which I have described above, and (2) that you select as investment advisors some firm which uses the Babson supervisory system, developed after a half-century of experience.

A POSSIBLE EXAMPLE

The following tabulation traces the long swings of the stock market averages. That there might be no possibility of bias in the selection of stocks I have confined myself to the Dow-Jones market averages of 30 industrials[1] and of 20 rails. In making this study, I have selected the period 1900 through 1946. This period covers 46 years, an investment lifetime, and also represents typical conditions.

I have not taken the lowest point for purchase, nor have I taken the highest point for sale, for in the exercise of ordinary judgment it is impossible to pick the absolute lows and highs. Instead I have assumed purchase at the average price of the rail group and of the industrial group for the low month of the stock market movement, and have sold at the corresponding average prices of the high month for each swing.

In practice, however, instead of trying to pick out the exact *high* and *low* months of these long swings, we advise our clients to take profits gradually and change their holdings to cash or reserves gradually as prices become abnormally high; then to reverse this gradual process as prices become abnormally low. This will not give as rapid a growth as the above illustration; but the results are exceedingly satisfactory to those who have the patience to follow this Babson Program.

Potential Profits Plus Dividends and Interest

1900 June	Available for stock purchase @ 76.49 for rails, @ 56.53 for industrials	$ 2,000
1901 June	Stocks bought 6/'00, sold @ 116.02 for rails, @ 77.17 for industrials. Investment to date	2,974
1903 Nov.	Available for stock purchase @ 91.95 for rails, @ 43.81 for industrials	3,188
1906 Jan.	Stocks bought 11/'03, sold @ 135.36 for rails, @ 98.72 for industrials. Investment to date	5,630
1907 Nov.	Available for stock purchase @ 84.27 for rails, @ 55.74 for industrials	5,927
1909 Aug.	Stocks bought 11/'07 sold @ 131.59 for rails, @ 97.78 for industrials. Investment to date	10,340

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[1] We have not included the abnormal boom of 1929. Twenty industrials were used prior to October, 1928, and 12 industrials prior to August, 1914.

1911 Sept.	Available for stock purchase @ 111.96 for rails, @ 76.61 for industrials	11,192
1912 Oct.	Stocks bought 9/'11, sold @ 121.96 for rails, @ 92.24 for industrials. Investment to date	13,268
1914 Dec.	Available for stock purchase @ 89.85 for rails, @ 54.97 for industrials	14,362
1915 Dec.	Stocks bought 12/'14, sold @ 106.47 for rails, @ 97.00 for industrials. Investment to date	20,806
1917 Dec.	Available for stock purchase @ 75.31 for rails, @ 70.17 for industrials	22,522
1919 July	Stocks bought 12/'17, sold @ 88.26 for rails, @ 109.70 for industrials. Investment to date	33,683
1921 June	Available for stock purchase @ 68.95 for rails, @ 69.21 for industrials	35,876
1923 Mar.	Stocks bought 6/'21, sold @ 88.89 for rails, @ 103.87 for industrials. Investment to date	54,510
1923 Oct.	Available for stock purchase @ 79.23 for rails, @ 88.11 for industrials	55,736
1928 Dec.	Stocks bought 10/'23, sold @ 147.32 for rails @ 278.69 for industrials. Investment to date	164,173
1932 April	Available for stock purchase @ 24.73 for rails, @ 64.06 for industrials	188,799
1946 May	Stocks bought 4/'32, quoted @ 64.77 for rails, @ 206.62 for industrials. Value	$831,545

The ideal investment policy would be to have (1) a small sustenance farm as insurance, *(2) an expert knowledge of some trade or profession, and (3) about $2,000 cash for use in the stock market according to the above long-range system devised by the English bankers.*

ANCESTRAL TRAITS

The above covers in a nutshell what I have learned about investments during my many years of active life. There is, however, another "investment" which is even more important than the three mentioned above. I refer to our children and grandchildren. For those readers who have the patience to help guide them intelligently, I close with forms which Mrs. Babson and I have used for our own guidance.

I am convinced that heredity is an important key to character and success. If the ancestral background has been good, we know that the environment has been of a satisfactory type. We inherit our environment as much as we do the color of our eyes. We can overemphasize the importance of the great names on our family tree, but not the significance of the dominating traits and characteristics. The data can also be used for helping our descendants obtain a better personal understanding and knowledge. A copy should be filed with our wills.

ANALYSIS OF MALE ANCESTORS

Father's name ....

His present address ....

His business address ....

The place of his birth..

Boyhood home ....
(City, Small Town, or Farm)

Extent of social activities ....
(Neighborly or Exclusive)

Type of religious background ....Church membership ....

Types of business positions held ....

Has he been happy in his work? ....

Extent of education ....

Thrifty or in debt? ....

What are his strong characteristics? ....

What are his weak characteristics? ....

What are his hobbies? ....

Is he interested in public activities? ....

Habits: — Liquor ....Smoking............Gambling..............Others ....

Moods: ....
(Serious, Gay, Hopeful, Depressed, etc.)

How many times has he been married? ....

How many children has he? ....

Has he any chronic illnesses? ....
(What Type?)

If he is deceased, please give cause? ....

COMMENTS:

....

....

....

....

ANALYSIS OF FEMALE ANCESTORS

Mother's name ....

Her present address ....

The place of her birth ....

Girlhood home .... (City, Small Town, or Farm)

Extent of social activities .... (Neighborly or Exclusive)

Extent of education ....

Type of religious background .... Church membership ....

Types of business or professional positions held ....

Has she been happy in her work? ....

Does she carry on activities outside the home? ....

In what type of activities is she most interested? ....

Thrifty or in debt? ....

What are her strong characteristics? ....

What are her weak characteristics? ....

What are her hobbies? ....

Is she interested in public activities? ....

Is she most interested in social or service clubs? ....

Habits: — Liquor .... Smoking .... Gambling .... Others ....

Moods: .... (Serious, Gay, Hopeful, Depressed, etc.)

Number of times she has been married ....

How many children has she? ....

Has she any chronic illnesses? .... (What Type?)

If she is deceased, please give cause? ....

COMMENTS:

....

....

(OVER)

ANCESTRAL CHARACTERISTICS

Indicate those characteristics which an ancestor had by placing an (X) in the space. If an ancestor lacked the trait, leave the space blank.

																Self	
Athletics	Executive Ability — Leadership	Domesticity	Scientific Attitude	Unselfishness	Dependability	Musical, Literary or Artistic Ability	Lover of Nature	Mechanical and Handy with Hands	Trading Instincts	Popularity with Opposite Sex	Popularity with People	Patience	Selfishness	Seriousness	Many Changes of Residence	Traits	NAMES, ADDRESSES AND OCCUPATIONS
																Parents	
																Grandparents	
																Great Grandparents	
																TOTALS	

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